



Human Services

FAMILIES AND CHILDREN

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|--------------------|----------------------|----------------------|--------------------|--------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 306,031,100 | 391,384,300 | 430,034,000 | 300,828,700 | 316,637,900 |
| Continuing Appropriation | 8,851,300 | 8,851,300 | 8,851,300 | | |
| Total General Fund | <u>314,882,400</u> | <u>400,235,600</u> | <u>438,885,300</u> | <u>300,828,700</u> | <u>316,637,900</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 12,739,700 | 1,583,700 | 1,026,600 | 1,583,700 | 421,700 |
| Current Receipts | 15,542,800 | 17,874,000 | 18,493,900 | 20,703,800 | 21,672,000 |
| Non-Revenue Receipts | 18,988,800 | 23,684,600 | 20,569,700 | 58,921,500 | 59,320,800 |
| Total Restricted Agency Funds | <u>47,271,300</u> | <u>43,142,300</u> | <u>40,090,200</u> | <u>81,209,000</u> | <u>81,414,500</u> |
| Federal Funds | | | | | |
| Balance Forward | 3,525,100 | | | | |
| Current Receipts | 417,161,300 | 417,443,500 | 411,517,300 | 408,570,400 | 413,999,900 |
| Non-Revenue Receipts | 31,252,600 | 17,400,800 | 31,470,500 | 16,420,100 | 17,267,300 |
| Revenue Redistribution | -891,800 | -2,803,100 | -944,200 | -943,800 | 891,900 |
| Total Federal Funds | <u>451,047,200</u> | <u>432,041,200</u> | <u>442,043,600</u> | <u>424,046,700</u> | <u>432,159,100</u> |
| TOTAL FUNDS | <u>813,200,900</u> | <u>875,419,100</u> | <u>921,019,100</u> | <u>806,084,400</u> | <u>830,211,500</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 235,804,600 | 260,920,300 | 279,215,300 | 246,551,600 | 260,460,200 |
| Operating Expenses | 67,080,300 | 75,614,200 | 82,866,600 | 69,530,200 | 72,738,800 |
| Grants, Loans or Benefits | 491,706,000 | 522,261,300 | 543,308,000 | 475,035,800 | 482,983,200 |
| Debt Service | 11,902,000 | 11,496,000 | 11,493,000 | 11,672,000 | 11,650,000 |
| Capital Outlay | 5,124,300 | 4,100,700 | 4,036,200 | 2,873,100 | 2,379,300 |
| TOTAL EXPENDITURES | <u>811,617,200</u> | <u>874,392,500</u> | <u>920,919,100</u> | <u>805,662,700</u> | <u>830,211,500</u> |
| EXPENDITURES BY UNIT | | | | | |
| Social Insurance | 481,168,100 | 459,152,100 | 469,240,200 | 445,480,200 | 452,536,200 |
| Social Services | 293,726,900 | 374,467,700 | 410,023,600 | 323,718,700 | 340,403,000 |
| Administration and Program Support | 36,722,200 | 40,772,700 | 41,655,300 | 36,463,800 | 37,272,300 |
| TOTAL EXPENDITURES | <u>811,617,200</u> | <u>874,392,500</u> | <u>920,919,100</u> | <u>805,662,700</u> | <u>830,211,500</u> |

The Cabinet for Families and Children was created by Executive Order 95-79 (which also abolished the Cabinet for Human Resources) on December 28, 1995.

The Department for Social Insurance, the Department for Social Services, and the Administration and Program Support (APS) Offices (except for the Office of Inspector General) form the new Cabinet. Pursuant to legislative ratification of Executive Order 95-79, the functions and positions of the APS Offices will be reallocated to the two new Cabinets.

FAMILIES AND CHILDREN
Social Insurance

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 140,574,300 | 145,139,900 | 150,898,800 | 137,064,000 | 140,394,900 |
| Continuing Appropriation | 8,851,300 | 8,851,300 | 8,851,300 | | |
| Total General Fund | <u>149,425,600</u> | <u>153,991,200</u> | <u>159,750,100</u> | <u>137,064,000</u> | <u>140,394,900</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 4,197,700 | | | | |
| Current Receipts | 9,723,500 | 9,799,400 | 10,097,400 | 12,215,400 | 13,425,200 |
| Non-Revenue Receipts | 18,840,900 | 22,246,700 | 19,131,800 | 27,997,800 | 24,882,900 |
| Total Restricted Agency Funds | <u>32,762,100</u> | <u>32,046,100</u> | <u>29,229,200</u> | <u>40,213,200</u> | <u>38,308,100</u> |
| Federal Funds | | | | | |
| Balance Forward | 1,542,800 | | | | |
| Current Receipts | 279,311,200 | 273,405,800 | 280,183,600 | 267,615,400 | 272,956,100 |
| Non-Revenue Receipts | 26,428,300 | 10,574,400 | 11,243,300 | 9,593,700 | 10,207,000 |
| Revenue Redistribution | -8,301,900 | -10,865,400 | -11,166,000 | -9,006,100 | -9,329,900 |
| Total Federal Funds | <u>298,980,400</u> | <u>273,114,800</u> | <u>280,260,900</u> | <u>268,203,000</u> | <u>273,833,200</u> |
| TOTAL FUNDS | <u>481,168,100</u> | <u>459,152,100</u> | <u>469,240,200</u> | <u>445,480,200</u> | <u>452,536,200</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 100,239,300 | 105,325,100 | 110,572,500 | 102,065,900 | 107,254,800 |
| Operating Expenses | 45,341,500 | 46,075,700 | 49,510,300 | 47,168,700 | 49,843,900 |
| Grants, Loans or Benefits | 334,408,300 | 307,101,300 | 308,507,400 | 295,595,600 | 294,787,500 |
| Capital Outlay | 1,179,000 | 650,000 | 650,000 | 650,000 | 650,000 |
| TOTAL EXPENDITURES | <u>481,168,100</u> | <u>459,152,100</u> | <u>469,240,200</u> | <u>445,480,200</u> | <u>452,536,200</u> |
| EXPENDITURES BY UNIT | | | | | |
| Social Insurance - Administration | 174,433,200 | 199,344,300 | 212,100,200 | 185,528,600 | 196,280,800 |
| Social Insurance - Benefits | 306,734,900 | 259,807,800 | 257,140,000 | 259,951,600 | 256,255,400 |
| TOTAL EXPENDITURES | <u>481,168,100</u> | <u>459,152,100</u> | <u>469,240,200</u> | <u>445,480,200</u> | <u>452,536,200</u> |

The Department for Social Insurance is responsible for the following programs: Aid to Families with Dependent Children (AFDC), Food Stamps, Medicaid Eligibility, Welfare Reform, State Supplementation, Child Support, Energy and Weatherization Assistance, and Commodity Distribution. These programs provide income maintenance and supplementation to Kentucky citizens who, because of social, educational, mental, or physical impairments are without sufficient resources to meet their basic needs.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 49,333,100 | 64,526,900 | 69,470,300 | 50,335,900 | 53,221,800 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 166,400 | | | | |
| Current Receipts | 9,723,500 | 9,799,400 | 10,097,400 | 12,215,400 | 13,425,200 |
| Non-Revenue Receipts | 16,871,000 | 15,674,400 | 16,343,300 | 21,425,500 | 22,094,400 |
| Total Restricted Agency Funds | <u>26,760,900</u> | <u>25,473,800</u> | <u>26,440,700</u> | <u>33,640,900</u> | <u>35,519,600</u> |
| Federal Funds | | | | | |
| Balance Forward | 1,523,000 | | | | |
| Current Receipts | 93,548,800 | 109,634,600 | 116,111,900 | 100,964,200 | 106,662,300 |
| Non-Revenue Receipts | 11,569,300 | 10,574,400 | 11,243,300 | 9,593,700 | 10,207,000 |
| Revenue Redistribution | -8,301,900 | -10,865,400 | -11,166,000 | -9,006,100 | -9,329,900 |
| Total Federal Funds | <u>98,339,200</u> | <u>109,343,600</u> | <u>116,189,200</u> | <u>101,551,800</u> | <u>107,539,400</u> |
| TOTAL FUNDS | <u>174,433,200</u> | <u>199,344,300</u> | <u>212,100,200</u> | <u>185,528,600</u> | <u>196,280,800</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 100,239,300 | 105,325,100 | 110,572,500 | 102,065,900 | 107,254,800 |
| Operating Expenses | 45,341,500 | 46,075,700 | 49,510,300 | 47,168,700 | 49,843,900 |
| Grants, Loans or Benefits | 27,673,400 | 47,293,500 | 51,367,400 | 35,644,000 | 38,532,100 |
| Capital Outlay | 1,179,000 | 650,000 | 650,000 | 650,000 | 650,000 |
| TOTAL EXPENDITURES | <u>174,433,200</u> | <u>199,344,300</u> | <u>212,100,200</u> | <u>185,528,600</u> | <u>196,280,800</u> |
| EXPENDITURES BY UNIT | | | | | |
| Field Services | 125,439,600 | 144,232,600 | 153,983,400 | 132,143,300 | 139,228,300 |
| Child Support | 44,853,100 | 52,882,900 | 55,823,700 | 51,168,300 | 54,775,800 |
| Commodity Program | 1,249,300 | 1,107,500 | 1,162,000 | 1,095,700 | 1,145,600 |
| Energy and Weatherization | 2,891,200 | 1,121,300 | 1,131,100 | 1,121,300 | 1,131,100 |
| TOTAL EXPENDITURES | <u>174,433,200</u> | <u>199,344,300</u> | <u>212,100,200</u> | <u>185,528,600</u> | <u>196,280,800</u> |

Department for Social Insurance - Administration is responsible for administering the following programs: Aid to Families with Dependent Children (AFDC), Food Stamps, Medicaid Eligibility, Welfare Reform (JOBS), State Supplementation, Child Support, Energy and Weatherization Assistance, and Commodity Distribution.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration
Field Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 49,079,600 | 61,318,900 | 65,559,100 | 50,142,600 | 53,023,500 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 33,100 | | | | |
| Current Receipts | 242,200 | | | | |
| Non-Revenue Receipts | 11,771,200 | 10,574,400 | 11,243,300 | 16,325,500 | 16,994,400 |
| Total Restricted Agency Funds | <u>12,046,500</u> | <u>10,574,400</u> | <u>11,243,300</u> | <u>16,325,500</u> | <u>16,994,400</u> |
| Federal Funds | | | | | |
| Balance Forward | 1,295,000 | | | | |
| Current Receipts | 59,122,100 | 71,972,800 | 76,413,600 | 64,430,100 | 67,643,200 |
| Non-Revenue Receipts | 11,569,300 | 10,574,400 | 11,243,300 | 9,593,700 | 10,207,000 |
| Revenue Redistribution | -7,672,900 | -10,207,900 | -10,475,900 | -8,348,600 | -8,639,800 |
| Total Federal Funds | <u>64,313,500</u> | <u>72,339,300</u> | <u>77,181,000</u> | <u>65,675,200</u> | <u>69,210,400</u> |
| TOTAL FUNDS | <u>125,439,600</u> | <u>144,232,600</u> | <u>153,983,400</u> | <u>132,143,300</u> | <u>139,228,300</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 83,956,900 | 88,299,200 | 92,724,900 | 85,801,300 | 90,228,500 |
| Operating Expenses | 35,113,200 | 34,320,000 | 37,172,000 | 35,521,300 | 37,722,500 |
| Grants, Loans or Benefits | 6,069,500 | 21,313,400 | 23,786,500 | 10,520,700 | 10,977,300 |
| Capital Outlay | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| TOTAL EXPENDITURES | <u>125,439,600</u> | <u>144,232,600</u> | <u>153,983,400</u> | <u>132,143,300</u> | <u>139,228,300</u> |
| EXPENDITURES BY UNIT | | | | | |
| AFDC Administration | 34,039,200 | 35,867,400 | 38,844,700 | 34,995,600 | 36,789,300 |
| Food Stamp Eligibility | | | | | |
| Administration | 50,771,900 | 58,359,200 | 62,556,600 | 54,524,900 | 57,643,900 |
| Medicaid Eligibility | 23,593,000 | 21,148,800 | 22,486,600 | 21,080,000 | 22,479,000 |
| Administration | | | | | |
| State Supplementation | | | | | |
| Administration | 577,700 | 594,000 | 611,300 | 594,000 | 611,200 |
| JOBS Administration | 16,457,800 | 28,263,200 | 29,484,200 | 20,948,800 | 21,704,900 |
| TOTAL EXPENDITURES | <u>125,439,600</u> | <u>144,232,600</u> | <u>153,983,400</u> | <u>132,143,300</u> | <u>139,228,300</u> |

The Field Services program administers the Aid to Families with Dependent Children Program (AFDC), Job Opportunities and Basic Skills (JOBS) program, Food Stamps, Medicaid, and State Supplementation. The programs provide assistance to Kentuckians who are without sufficient resources to meet basic needs through local offices in 120 counties. Administrative activity includes taking applications, determining eligibility, processing cases, providing timely benefits, and performing other related program activities. Eligibility determinations for medical assistance are provided through a contractual agreement with the Department for Medicaid Services.

**Administrative Activity
Projected Average Monthly Caseloads**

| | Actual 1994 | Actual 1995 | Budgeted 1996 | Projected 1997 | Projected 1998 |
|--|------------------------|------------------------|--------------------------|---------------------------|---------------------------|
| Food Stamps | 198,487 | 188,394 | 184,628 | 183,705 | 182,786 |
| State Supplementation | 6,293 | 6,071 | 6,253 | 6,440 | 6,633 |
| Medicaid | 103,685 | 128,208 | 148,721 | 172,516 | 200,119 |
| AFDC | | | | | |
| -Basic | 73,560 | 71,974 | 69,500 | 69,152 | 68,806 |
| -UP | 6,655 | 4,462 | 3,200 | 3,104 | 3,011 |
| JOBS-Participants in Components (Education, Job Search, Job Readiness, etc.) | 21,563 | 18,210 | 14,045 | 13,959 | 13,875 |
| JOBS-Participants receiving Child Care | 5,047 | 4,684 | 3,511 | 3,489 | 3,468 |

The enacted budget provides that federal funds and the associated matching state funds for job training and placement services are budgeted within Field Services. \$4.0 million in fiscal year 1997 and \$4.5 million in fiscal year 1998 will be transferred to Workforce Development to provide the services to JOBS participants through a contractual agreement. These funds were formally budgeted exclusively in the Workforce Development Cabinet.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration
Child Support

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | | 3,002,900 | 3,696,500 | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 130,700 | | | | |
| Current Receipts | 9,483,700 | 9,799,400 | 10,097,400 | 12,215,400 | 13,425,200 |
| Non-Revenue Receipts | 5,100,000 | 5,100,000 | 5,100,000 | 5,100,000 | 5,100,000 |
| Total Restricted Agency Funds | <u>14,714,400</u> | <u>14,899,400</u> | <u>15,197,400</u> | <u>17,315,400</u> | <u>18,525,200</u> |
| Federal Funds | | | | | |
| Balance Forward | 198,500 | | | | |
| Current Receipts | 30,535,800 | 35,603,100 | 37,583,200 | 34,475,400 | 36,904,000 |
| Revenue Redistribution | -595,600 | -622,500 | -653,400 | -622,500 | -653,400 |
| Total Federal Funds | <u>30,138,700</u> | <u>34,980,600</u> | <u>36,929,800</u> | <u>33,852,900</u> | <u>36,250,600</u> |
| TOTAL FUNDS | <u>44,853,100</u> | <u>52,882,900</u> | <u>55,823,700</u> | <u>51,168,300</u> | <u>54,775,800</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 15,678,400 | 16,478,800 | 17,275,500 | 15,718,000 | 16,455,300 |
| Operating Expenses | 9,791,900 | 11,441,000 | 12,014,300 | 11,344,000 | 11,812,700 |
| Grants, Loans or Benefits | 18,503,800 | 24,613,100 | 26,183,900 | 23,756,300 | 26,157,800 |
| Capital Outlay | 879,000 | 350,000 | 350,000 | 350,000 | 350,000 |
| TOTAL EXPENDITURES | <u>44,853,100</u> | <u>52,882,900</u> | <u>55,823,700</u> | <u>51,168,300</u> | <u>54,775,800</u> |

The Child Support program enforces federal and state statutes relating to child support obligations. The program establishes paternity, locates absent parents, establishes and enforces child support and medical support orders, as well as collects and distributes child support payments. Program services have recently expanded to include an in-hospital paternity establishment program; the collection of spousal support; the tracking of wage withholding orders; a new hire program; and driver's license suspension program. In addition to traditional judicial channels, the Program uses administrative processes to enforce child support obligations. The program contracts with approximately 108 county officials who assist the Cabinet with its enforcement activities.

Support payments collected on behalf of AFDC families are used to reimburse the federal and state governments for grant payments and to support the children. If payments exceed the grant, the family is removed from the welfare rolls. The program also provides collection services for dependent children who do not receive AFDC.

Policy

The enacted budget provides \$4,340,000 in fiscal year 1997 and \$4,605,500 in fiscal year 1998 to purchase additional core services through private and public contracts.

Contractors will :

- establish child support orders;
- collect child support payments;
- institute an in-hospital DNA testing program; and
- provide DNA testing services.

These services are required to meet federally-mandated timeframes for the completion of child support activities and audit requirements mandated under federal law. The Program also is expected to maximize performance under the contracts and expand collections. In addition to reducing AFDC dependency, these increased collections will yield additional agency funds that will be used to offset future General Fund requirements in both Child Support and related Departmental programs.

| Child Support Collections (in millions) | | |
|--|---------------------------------|--|
| <u>Fiscal Year</u> | <u>Total Collections</u> | <u>Total AFDC Collections</u> |
| 1994 | \$128.0 | \$46.6 |
| 1995 | \$137.9 | \$45.7 |
| 1996 | \$155.8 | \$52.9 |
| 1997 | \$241.0 | \$80.0 |
| 1998 | \$269.3 | \$90.0 |

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration
Commodity Program

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 253,500 | 205,100 | 214,700 | 193,300 | 198,300 |
| Federal Funds | | | | | |
| Balance Forward | 5,800 | | | | |
| Current Receipts | 996,200 | 908,900 | 954,100 | 908,900 | 954,100 |
| Revenue Redistribution | -6,200 | -6,500 | -6,800 | -6,500 | -6,800 |
| Total Federal Funds | <u>995,800</u> | <u>902,400</u> | <u>947,300</u> | <u>902,400</u> | <u>947,300</u> |
| TOTAL FUNDS | <u>1,249,300</u> | <u>1,107,500</u> | <u>1,162,000</u> | <u>1,095,700</u> | <u>1,145,600</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 268,700 | 220,200 | 231,300 | 219,700 | 230,200 |
| Operating Expenses | 170,600 | 162,000 | 170,600 | 150,700 | 155,300 |
| Grants, Loans or Benefits | 810,000 | 725,300 | 760,100 | 725,300 | 760,100 |
| TOTAL EXPENDITURES | <u>1,249,300</u> | <u>1,107,500</u> | <u>1,162,000</u> | <u>1,095,700</u> | <u>1,145,600</u> |

The Commodity program distributes surplus commodities through a contractual network with Area Development Districts (ADDs) and Community Action Agencies (CAAs). The ADDs and CAAs process applications, determine eligibility, and distribute the food. Administrative match for this program varies from 100 percent federal for contracting agencies to 50 percent federal/50 percent state for any state level expenses.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration
Energy and Weatherization

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Federal Funds | | | | | |
| Balance Forward | 23,700 | | | | |
| Current Receipts | 2,894,700 | 1,149,800 | 1,161,000 | 1,149,800 | 1,161,000 |
| Revenue Redistribution | -27,200 | -28,500 | -29,900 | -28,500 | -29,900 |
| TOTAL FUNDS | 2,891,200 | 1,121,300 | 1,131,100 | 1,121,300 | 1,131,100 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 335,300 | 326,900 | 340,800 | 326,900 | 340,800 |
| Operating Expenses | 265,800 | 152,700 | 153,400 | 152,700 | 153,400 |
| Grants, Loans or Benefits | 2,290,100 | 641,700 | 636,900 | 641,700 | 636,900 |
| TOTAL EXPENDITURES | 2,891,200 | 1,121,300 | 1,131,100 | 1,121,300 | 1,131,100 |
| EXPENDITURES BY UNIT | | | | | |
| Energy Assistance | 2,440,100 | 785,300 | 785,300 | 785,300 | 785,300 |
| Weatherization Assistance | 451,100 | 336,000 | 345,800 | 336,000 | 345,800 |
| TOTAL EXPENDITURES | 2,891,200 | 1,121,300 | 1,131,100 | 1,121,300 | 1,131,100 |

The Energy and Weatherization Program provides assistance to low-income households experiencing energy crises. The program also helps low-income households avoid high fuel bills by making repairs to houses and heating systems which promote energy conservation. The Department for Social Insurance contracts with Community Action Agencies and municipal government to administer this program.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Benefits

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 91,241,200 | 80,613,000 | 81,428,500 | 86,728,100 | 87,173,100 |
| Continuing Appropriation | 8,851,300 | 8,851,300 | 8,851,300 | | |
| Total General Fund | <u>100,092,500</u> | <u>89,464,300</u> | <u>90,279,800</u> | <u>86,728,100</u> | <u>87,173,100</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 4,031,300 | | | | |
| Non-Revenue Receipts | 1,969,900 | 6,572,300 | 2,788,500 | 6,572,300 | 2,788,500 |
| Total Restricted Agency Funds | <u>6,001,200</u> | <u>6,572,300</u> | <u>2,788,500</u> | <u>6,572,300</u> | <u>2,788,500</u> |
| Federal Funds | | | | | |
| Balance Forward | 19,800 | | | | |
| Current Receipts | 185,762,400 | 163,771,200 | 164,071,700 | 166,651,200 | 166,293,800 |
| Non-Revenue Receipts | 14,859,000 | | | | |
| Total Federal Funds | <u>200,641,200</u> | <u>163,771,200</u> | <u>164,071,700</u> | <u>166,651,200</u> | <u>166,293,800</u> |
| TOTAL FUNDS | <u>306,734,900</u> | <u>259,807,800</u> | <u>257,140,000</u> | <u>259,951,600</u> | <u>256,255,400</u> |
| EXPENDITURES BY CLASS | | | | | |
| Grants, Loans or Benefits | 306,734,900 | 259,807,800 | 257,140,000 | 259,951,600 | 256,255,400 |
| EXPENDITURES BY UNIT | | | | | |
| AFDC Benefits | 235,371,000 | 188,612,600 | 187,579,800 | 202,262,900 | 200,988,800 |
| Food Stamp - Benefits | 1,886,400 | 770,000 | 770,000 | 770,000 | 770,000 |
| State Supplementation - Benefits | 17,957,200 | 20,581,200 | 21,110,800 | 18,012,400 | 18,552,800 |
| JOB | 25,300,000 | 32,584,700 | 34,214,000 | 21,647,000 | 22,478,400 |
| Energy and Weatherization | 26,220,300 | 17,259,300 | 13,465,400 | 17,259,300 | 13,465,400 |
| TOTAL EXPENDITURES | <u>306,734,900</u> | <u>259,807,800</u> | <u>257,140,000</u> | <u>259,951,600</u> | <u>256,255,400</u> |

Department for Social Insurance - Benefits is responsible for providing the assistance associated with the following programs: Aid to Families with Dependent Children (AFDC), Food Stamps, Medicaid Eligibility, Welfare Reform (JOBS), State Supplementation, Child Support, Energy and Weatherization Assistance, and Commodity Distribution.

| Current Poverty Guidelines | |
|-----------------------------------|-----------------------|
| Family Size | Monthly Income |
| 1 | \$ 645 |
| 2 | 864 |
| 3 | 1,082 |
| 4 | 1,300 |
| 5 | 1,519 |
| 6 | 1,737 |

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Benefits
Aid to Families with Dependent Children (AFDC)

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 63,566,800 | 47,975,900 | 47,678,400 | 60,641,200 | 60,260,700 |
| Continuing Appropriation | 8,851,300 | 8,851,300 | 8,851,300 | | |
| Total General Fund | 72,418,100 | 56,827,200 | 56,529,700 | 60,641,200 | 60,260,700 |
| Federal Funds | | | | | |
| Current Receipts | 162,952,900 | 131,785,400 | 131,050,100 | 141,621,700 | 140,728,100 |
| TOTAL FUNDS | 235,371,000 | 188,612,600 | 187,579,800 | 202,262,900 | 200,988,800 |
| EXPENDITURES BY CLASS | | | | | |
| Grants, Loans or Benefits | 235,371,000 | 188,612,600 | 187,579,800 | 202,262,900 | 200,988,800 |

The Aid to Families with Dependent Children (AFDC) program provides financial assistance for children who are deprived of parental support due to death, continued absence, physical or mental incapacity, or unemployment of a parent.

Under the budget, Kentucky has chosen to continue to use ratable reduction methodology when calculating AFDC grants. Ratable reduction allows recipients to retain a portion of their AFDC grant after they begin working. This encourages self-sufficiency as recipients begin to make the transition to full independence from the program.

The biennial 1994-96 Appropriations Bill directed the Department for Social Insurance to use any unexpended appropriations for AFDC benefits in fiscal years 1993-94 and 1994-95 to increase AFDC grants by the same percentage for each family size. Action was taken to implement this mandate in November 1995. Effective December 1, 1995, benefits increased to the new rates itemized below. The budget assumes the new rates will continue through the next biennium. It should be noted that the budget request was based on old rates.

| AFDC RATE COMPARISON | | | |
|-----------------------------|-----------------|-----------------|-----------------|
| Household Size | Old Rate | New Rate | Increase |
| 1 | \$162 | \$186 | \$24 |
| 2 | \$196 | \$225 | \$29 |
| 3 | \$228 | \$262 | \$34 |
| 4 | \$285 | \$328 | \$43 |
| 5 | \$333 | \$383 | \$50 |
| 6 | \$376 | \$432 | \$56 |
| 7 or more | \$419 | \$482 | \$63 |

NOTE: Due primarily to lower than projected AFDC recipients, the enacted appropriation for the AFDC program for the 1995-96 fiscal year has been determined to be in excess of the program's funding requirements. It is estimated that approximately \$14.7 million of the overall \$72.4 million General Fund appropriation for AFDC will lapse at the end of fiscal year 1995-96.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Benefits
Food Stamps

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 943,200 | 385,000 | 385,000 | 385,000 | 385,000 |
| Federal Funds | | | | | |
| Balance Forward | 3,900 | | | | |
| Current Receipts | 939,300 | 385,000 | 385,000 | 385,000 | 385,000 |
| Total Federal Funds | 943,200 | 385,000 | 385,000 | 385,000 | 385,000 |
| TOTAL FUNDS | 1,886,400 | 770,000 | 770,000 | 770,000 | 770,000 |
| EXPENDITURES BY CLASS | | | | | |
| Grants, Loans or Benefits | 1,886,400 | 770,000 | 770,000 | 770,000 | 770,000 |

The Food Stamp Employment and Training Program attempts to raise the income level of food stamp recipients by providing job placement or adult basic education services. The job search component requires 24 job contacts over an eight week period and the education component requires four months of GED preparation. Kentucky must meet certain performance standards of participation or face sanctions against the Food Stamp Administration budget. Currently, the program operates in 28 counties, although any recipient may volunteer for the program regardless of their county of residency. Recipients have GED, school and literacy fees paid, and receive reimbursement for expenses incurred during program participation, i.e., child care and transportation. The Workforce Development Cabinet administers Job Search, Skills Training and Educational activities.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Benefits
State Supplementation - Benefits

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 17,957,200 | 20,581,200 | 21,110,800 | 18,012,400 | 18,552,800 |
| EXPENDITURES BY CLASS | | | | | |
| Grants, Loans or Benefits | 17,957,200 | 20,581,200 | 21,110,800 | 18,012,400 | 18,552,800 |

The State Supplementation - Benefits program is authorized by KRS 205 and was federally mandated for aged, blind, or disabled persons disadvantaged by the implementation of the federal Supplemental Security Income (SSI) program in January 1974. The State Supplementation - Benefits program makes payments to selected recipients who are aged, blind, or disabled and require special living arrangements or have special needs and whose SSI payment or other income is insufficient for securing care in personal care homes, family care homes, or obtaining care by a caretaker in a family setting in order to prevent institutionalization. Average monthly beneficiaries are projected to be 6,440 in fiscal year 1997 and 6,633 in fiscal year 1998.

Maximum Payment Standard
Effective January 1, 1996

| | | |
|---------------|-------|--|
| Personal Care | \$804 | |
| Family Care | \$609 | |
| Caretaker | \$503 | Single |
| | \$733 | Couple, both eligible, only one requiring care |
| | \$777 | Couple, both eligible, both requiring care |

A \$.50 per diem supplement is made for each state pay personal care home resident if 35 percent of the residents are certified to be mentally retarded or mentally ill.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Benefits
JOBS

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 8,774,000 | 11,670,900 | 12,254,300 | 7,689,500 | 7,974,600 |
| Federal Funds | | | | | |
| Balance Forward | 100 | | | | |
| Current Receipts | 16,526,000 | 20,913,800 | 21,959,700 | 13,957,500 | 14,503,800 |
| Non-Revenue Receipts | -100 | | | | |
| Total Federal Funds | <u>16,526,000</u> | <u>20,913,800</u> | <u>21,959,700</u> | <u>13,957,500</u> | <u>14,503,800</u> |
| TOTAL FUNDS | <u>25,300,000</u> | <u>32,584,700</u> | <u>34,214,000</u> | <u>21,647,000</u> | <u>22,478,400</u> |
| EXPENDITURES BY CLASS | | | | | |
| Grants, Loans or Benefits | 25,300,000 | 32,584,700 | 34,214,000 | 21,647,000 | 22,478,400 |

The Job Opportunity and Basic Skills (JOBS) program provides child care, transportation, other supportive services, and Medicaid benefits to a portion of recipients of Aid to Families with Dependent Children (AFDC). These program services aid the transition of participants from welfare to the workforce. Under current federal law 20 percent of parents subject to the JOBS program are required to participate in welfare to work activities.

Recipient categories or target groups given priority under the JOBS program are:

- JOBS participants currently receiving AFDC and who have received AFDC for any 36 of the 60 preceding months;
- AFDC applicants who have received AFDC for any 36 of the 60 months immediately preceding the month of application;
- Custodial parents under the age of 24 who have not completed high school or equivalent education and are not enrolled at the time of application;
- Parents whose youngest child is within two years of being ineligible for AFDC because of age.

Social Insurance conducts an initial client needs assessment for all participants. An employability plan is developed, outlining both the Department's and client's responsibilities in the effort to move the recipient from welfare to work. A case manager may also be assigned to the JOBS participant. Case managers are responsible for ongoing AFDC, Food Stamp and Medicaid eligibility and benefits for the JOBS participant and their family.

Participants in the JOBS program are provided financial assistance for child care and transportation, other supportive services and Medicaid benefits. Child Care and Medicaid benefits also continue for a transitional period up to 12 months when a client moves from the AFDC roles to a job.

NOTE: Due primarily to lower than projected AFDC recipients, the enacted appropriation for JOBS for the 1995-96 fiscal year has been determined to be in excess of the program's funding requirements. It is estimated that approximately \$1.3 million General Fund appropriation will lapse at the end of fiscal year 1995-96.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Benefits
Energy and Weatherization Assistance

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 1,258,500 | | | | |
| Non-Revenue Receipts | 4,742,700 | 6,572,300 | 2,788,500 | 6,572,300 | 2,788,500 |
| Total Restricted Agency Funds | <u>6,001,200</u> | <u>6,572,300</u> | <u>2,788,500</u> | <u>6,572,300</u> | <u>2,788,500</u> |
| Federal Funds | | | | | |
| Balance Forward | 15,800 | | | | |
| Current Receipts | 5,344,200 | 10,687,000 | 10,676,900 | 10,687,000 | 10,676,900 |
| Non-Revenue Receipts | 14,859,100 | | | | |
| Total Federal Funds | <u>20,219,100</u> | <u>10,687,000</u> | <u>10,676,900</u> | <u>10,687,000</u> | <u>10,676,900</u> |
| TOTAL FUNDS | <u>26,220,300</u> | <u>17,259,300</u> | <u>13,465,400</u> | <u>17,259,300</u> | <u>13,465,400</u> |
| EXPENDITURES BY CLASS | | | | | |
| Grants, Loans or Benefits | 26,220,300 | 17,259,300 | 13,465,400 | 17,259,300 | 13,465,400 |
| EXPENDITURES BY UNIT | | | | | |
| HEAP Benefits | 15,162,900 | 7,067,300 | 7,067,300 | 7,067,300 | 7,067,300 |
| Weatherization Benefits | 11,057,400 | 10,192,000 | 6,398,100 | 10,192,000 | 6,398,100 |
| TOTAL EXPENDITURES | <u>26,220,300</u> | <u>17,259,300</u> | <u>13,465,400</u> | <u>17,259,300</u> | <u>13,465,400</u> |

The Energy and Weatherization Program assists low-income households with energy-related expenses. The program is primarily funded through a federal block grant.

Weatherization Assistance attempts to reduce energy consumption and the heating bills of low income families whose annual income is at or below 125 percent of the federal poverty level. Funds are provided to perform heat system safety tests and repairs, reduce air infiltration, install insulation and other related energy conservation measures. Average cost per house for heat system repairs, including materials, labor and overhead is approximately \$1,000. Average cost per house for conservation measures other than heat system repairs including materials labor and overhead is approximately \$1,850. Anticipated annual fuel bill savings is about \$300 per family. Each household can receive this assistance only one time.

The Home Energy Assistance Program (HEAP) provides benefits to low-income individuals and families. The program is divided into two segments: Subsidy that provides heating assistance to all eligible households; and Crisis, which is designed to assist only those persons experiencing a home heating emergency. To meet the programs definition of low-income, families must have income at or below 110 percent of the federal poverty level. The family's resources and assets cannot exceed \$1,500 or \$4,000 if one member of the family has a catastrophic illness.

FAMILIES AND CHILDREN
Social Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 142,157,500 | 220,910,500 | 253,878,700 | 142,227,900 | 153,764,000 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 4,971,700 | | | | |
| Current Receipts | 2,273,100 | 3,425,000 | 3,425,000 | 3,425,000 | 3,425,000 |
| Non-Revenue Receipts | 147,900 | 1,437,900 | 1,437,900 | 31,437,900 | 34,437,900 |
| Total Restricted Agency Funds | <u>7,392,700</u> | <u>4,862,900</u> | <u>4,862,900</u> | <u>34,862,900</u> | <u>37,862,900</u> |
| Federal Funds | | | | | |
| Balance Forward | 1,687,700 | | | | |
| Current Receipts | 135,428,300 | 140,873,700 | 128,146,300 | 138,807,300 | 138,807,300 |
| Non-Revenue Receipts | | | 13,166,900 | | |
| Revenue Redistribution | 7,060,700 | 7,820,600 | 9,968,800 | 7,820,600 | 9,968,800 |
| Total Federal Funds | <u>144,176,700</u> | <u>148,694,300</u> | <u>151,282,000</u> | <u>146,627,900</u> | <u>148,776,100</u> |
| TOTAL FUNDS | <u>293,726,900</u> | <u>374,467,700</u> | <u>410,023,600</u> | <u>323,718,700</u> | <u>340,403,000</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 119,049,300 | 135,212,000 | 147,493,600 | 127,711,700 | 135,604,400 |
| Operating Expenses | 14,734,200 | 22,620,000 | 26,394,500 | 15,547,600 | 16,038,700 |
| Grants, Loans or Benefits | 156,493,800 | 213,697,700 | 233,255,800 | 178,558,400 | 187,313,900 |
| Capital Outlay | 3,449,600 | 2,938,000 | 2,879,700 | 1,901,000 | 1,446,000 |
| TOTAL EXPENDITURES | <u>293,726,900</u> | <u>374,467,700</u> | <u>410,023,600</u> | <u>323,718,700</u> | <u>340,403,000</u> |
| EXPENDITURES BY UNIT | | | | | |
| Family and Community Services | 214,747,400 | 273,370,200 | 297,892,500 | 234,083,300 | 247,217,500 |
| Juvenile Treatment Services | 38,636,000 | 53,450,900 | 64,250,400 | 48,359,400 | 51,829,800 |
| Aging and Support Services | 40,343,500 | 47,646,600 | 47,880,700 | 41,276,000 | 41,355,700 |
| TOTAL EXPENDITURES | <u>293,726,900</u> | <u>374,467,700</u> | <u>410,023,600</u> | <u>323,718,700</u> | <u>340,403,000</u> |

The Department for Social Services develops and operates all social service programs in the Commonwealth. A wide array of services are provided to protect women, children, and the elderly from abuse. The major program areas are: Family and Community Services, Juvenile Treatment Services, and Aging and Support Services.

Policy

The Department for Social Services budget has committed \$30 million and \$33 million in General Fund match to the Medicaid program for fiscal years 1997 and 1998. This reallocation of funding to Medicaid will maximize federal dollars for administrative case management, targeted case management, out-of-home care treatment, and psychiatric hospitalization services. The Department's agency fund appropriation authorization has been increased to accommodate the programmatic and funding source changes.

Under the current federal and state funding system, DSS is receiving federal Title IV-E funding for social workers assigned to children and families receiving protective, foster care and adoption services at a 50 percent federal to state match rate where approximately 50 percent of the children are IV-E eligible. DSS also currently receives Title IV-E funding for IV-E eligible children at a 70 percent federal to 30 percent state match rate for room, board, and care payments made for children in foster boarding homes, group homes, and child care institutions. Federal IV-E funding does not support treatment services provided these children as part of their care.

The addition of Medicaid funding to the current IV-E federal claim system for children and families will enable the state to maximize federal funding for these services as well as to extend federal Medicaid funding to offset the cost of adult protective workers. Introduction of Medicaid Targeted Case Management will enable many of the functions of the DSS social workers to receive 70 percent federal to 30 percent state match rather than the current 50 percent federal to state match received under IV-E, and 80 percent of the clients are Medicaid eligible so that less General Fund match will be necessary to fund the same level of expenditures. Similar programs have been implemented in Tennessee, South Carolina, Georgia, and Minnesota.

The addition of Medicaid funding for treatment services provided children in foster care placements (group homes and child care institutions) will provide 70 percent federal reimbursement for activity that is currently not covered under the IV-E program so that in this program as well less General fund match will be necessary to fund the same level of expenditures. Similar use of Medicaid funds to support programs for children in out-of-home placements have been utilized by Tennessee, South Carolina, Georgia, and Alabama.

FAMILIES AND CHILDREN
Social Services
Family and Community Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 96,268,300 | 151,742,800 | 173,636,000 | 84,522,300 | 92,466,900 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 4,466,400 | | | | |
| Current Receipts | 2,273,100 | 3,375,000 | 3,375,000 | 3,375,000 | 3,375,000 |
| Non-Revenue Receipts | 226,800 | 1,016,500 | 1,016,500 | 31,016,500 | 34,016,500 |
| Total Restricted Agency Funds | <u>6,966,300</u> | <u>4,391,500</u> | <u>4,391,500</u> | <u>34,391,500</u> | <u>37,391,500</u> |
| Federal Funds | | | | | |
| Balance Forward | 621,100 | | | | |
| Current Receipts | 104,480,800 | 109,828,300 | 97,100,900 | 107,761,900 | 107,761,900 |
| Non-Revenue Receipts | | | 13,166,900 | | |
| Revenue Redistribution | 6,410,900 | 7,407,600 | 9,597,200 | 7,407,600 | 9,597,200 |
| Total Federal Funds | <u>111,512,800</u> | <u>117,235,900</u> | <u>119,865,000</u> | <u>115,169,500</u> | <u>117,359,100</u> |
| TOTAL FUNDS | <u>214,747,400</u> | <u>273,370,200</u> | <u>297,892,500</u> | <u>234,083,300</u> | <u>247,217,500</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 90,676,700 | 97,241,100 | 101,418,700 | 92,864,400 | 97,112,600 |
| Operating Expenses | 11,232,900 | 18,613,700 | 21,349,300 | 11,970,100 | 12,259,200 |
| Grants, Loans or Benefits | 109,571,900 | 155,656,300 | 173,351,600 | 128,005,300 | 136,700,800 |
| Capital Outlay | 3,265,900 | 1,859,100 | 1,772,900 | 1,243,500 | 1,144,900 |
| TOTAL EXPENDITURES | <u>214,747,400</u> | <u>273,370,200</u> | <u>297,892,500</u> | <u>234,083,300</u> | <u>247,217,500</u> |
| EXPENDITURES BY UNIT | | | | | |
| Family Based Services | 70,086,300 | 81,392,700 | 86,069,000 | 66,566,500 | 69,533,000 |
| Alternatives for Children | 39,735,700 | 58,911,400 | 67,561,500 | 52,349,800 | 56,229,800 |
| Foster Care | 42,277,800 | 59,541,600 | 66,563,600 | 54,616,800 | 60,221,900 |
| Adult Services | 25,115,600 | 26,474,800 | 27,357,100 | 24,930,600 | 25,467,300 |
| Child Day Care | 37,532,000 | 47,049,700 | 50,341,300 | 35,619,600 | 35,765,500 |
| TOTAL EXPENDITURES | <u>214,747,400</u> | <u>273,370,200</u> | <u>297,892,500</u> | <u>234,083,300</u> | <u>247,217,500</u> |

The Family and Community Services Division initiates programs to preserve the family as a unit, protect individuals from abuse, neglect, exploitation, and provide maximum in-house services. Services fall within four program areas: Family Based Services, Child Placement Services, Adult Services, and Child Day Care Services.

Family Based Services include child protection, reunification, homemaker services, preventive services for families, community based juvenile services, family preservation services, parent education, mental health services (through local comprehensive care centers), self-help services, and preventative assistance.

Child Services provides temporary or permanent child placement out of the home. Several placement alternates are available: Private Child Care (PCC), Adoption, Maternity Home Services, and Intensive Family Based Services. Furthermore, Foster Care programs such as Family Foster Care, Independent Living, High-Risk Supplement, Foster Parent Training, Family Treatment Homes, and Medically Fragile Foster Care are provided as primary or auxiliary services for child placement.

Adult Services provides services to preserve the vulnerable individual's independence, protecting him/her from abuse, neglect and/or exploitation. Services available are: Adult and Spouse Abuse Protection, Homemaker Services, Interdisciplinary Evaluations, Spouse Abuse Shelters, Alternate Care/Placement and Movement, Preventive Services for Adults, Community Services Block Grant (employment, educational, budgeting, housing, emergency food, clothing, and shelter services), Refugee Resettlement Program, Guardianship, and the Clinical Research Center Project (monitoring merchant marine veterans' condition).

Child Day Care Services provide day care services to low-income families.

Policy

The enacted budget provides \$928,400 in fiscal year 1997 and \$974,800 in fiscal year 1998 to increase daily foster care rates to the following: Basic - \$1.25, Emergency Shelter - \$2.25, and Family Treatment and Medically Fragile - \$3.25

Additional General Funds in the amount of \$397,000 in fiscal year 1997 and \$416,800 in fiscal year 1998 are also provided so that the number of foster care sibling groups served will increase from 989 to 1,183. Rates for sibling groups will be increased to \$1.50 per day.

The appropriation includes \$286,600 in fiscal year 1997 and \$661,300 in fiscal year 1998 in General Funds to expand the High Risk Foster Care program from 120 to 170 children by fiscal year 1998.

The enacted budget provides \$2,486,000 in fiscal year 1997 and \$2,585,000 in fiscal year 1998 to expand the number of front line workers from 1,326 to 1,436.

Additional General Funds in the amount of \$800,000 in fiscal year 1997 and \$1,700,000 in fiscal year 1998 are included to provide operation costs for TWIST computer services.

The enacted budget provides General Funds in the amount of \$400,000 in fiscal year 1997 and \$100,000 in fiscal year 1998 to provide infant out-of-home placement.

The appropriation includes \$400,000 in each year of the biennium to secure additional temporary emergency shelter services through the Home for the Innocents in Louisville.

FAMILIES AND CHILDREN
Social Services
Juvenile Treatment Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 23,490,500 | 38,365,500 | 49,206,400 | 33,274,000 | 36,785,800 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 251,200 | | | | |
| Current Receipts | | 50,000 | 50,000 | 50,000 | 50,000 |
| Non-Revenue Receipts | 175,200 | 421,400 | 421,400 | 421,400 | 421,400 |
| Total Restricted Agency Funds | <u>426,400</u> | <u>471,400</u> | <u>471,400</u> | <u>471,400</u> | <u>471,400</u> |
| Federal Funds | | | | | |
| Balance Forward | 488,800 | | | | |
| Current Receipts | 13,579,600 | 14,200,000 | 14,200,000 | 14,200,000 | 14,200,000 |
| Revenue Redistribution | 650,700 | 414,000 | 372,600 | 414,000 | 372,600 |
| Total Federal Funds | <u>14,719,100</u> | <u>14,614,000</u> | <u>14,572,600</u> | <u>14,614,000</u> | <u>14,572,600</u> |
| TOTAL FUNDS | <u>38,636,000</u> | <u>53,450,900</u> | <u>64,250,400</u> | <u>48,359,400</u> | <u>51,829,800</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 26,906,400 | 36,430,400 | 44,459,200 | 33,371,800 | 36,943,800 |
| Operating Expenses | 3,278,700 | 3,761,300 | 4,774,400 | 3,163,800 | 3,413,800 |
| Grants, Loans or Benefits | 8,272,200 | 12,195,300 | 13,915,000 | 11,171,300 | 11,176,100 |
| Capital Outlay | 178,700 | 1,063,900 | 1,101,800 | 652,500 | 296,100 |
| TOTAL EXPENDITURES | <u>38,636,000</u> | <u>53,450,900</u> | <u>64,250,400</u> | <u>48,359,400</u> | <u>51,829,800</u> |
| EXPENDITURES BY UNIT | | | | | |
| Day Treatment | 4,337,700 | 4,979,100 | 5,489,000 | 5,356,200 | 5,439,800 |
| Group Homes | 5,908,700 | 6,751,600 | 7,011,400 | 6,390,400 | 6,599,000 |
| Residential Facilities | 23,725,400 | 28,311,300 | 29,551,300 | 25,168,100 | 26,190,200 |
| Clinical Services | 4,664,200 | 6,005,100 | 6,422,600 | 4,709,400 | 4,810,300 |
| Consent Decree Facilities | | 7,063,800 | 15,436,100 | 6,395,300 | 8,450,500 |
| Consent Decree Legal | | 340,000 | 340,000 | 340,000 | 340,000 |
| TOTAL EXPENDITURES | <u>38,636,000</u> | <u>53,450,900</u> | <u>64,250,400</u> | <u>48,359,400</u> | <u>51,829,800</u> |

The Juvenile Treatment Services Division provides services for youth who are voluntary admissions or are committed to the Cabinet by the court system (post-adjudicative). Four program areas: Day Treatment, Group Homes, Clinical Treatment, and Residential Treatment provide individual and group counseling, family counseling and remedial, basic, and vocational education. Other services include independent living, drug/alcohol education, and job placement.

Day Treatment programs (six state and 12 contract programs) provide community based treatment for 12 to 17 year old adolescents with behavioral and/or emotional problems. The client lives at home, yet must attend the prescribed educational/treatment program during the day.

Group Homes are 24 hour, community-based, eight-bed, facilities for youth between 12 and 18 years old. These juveniles have been committed to the Cabinet by the court system as public or state offenders. Seventeen homes (12 state and five contract) serve youth in 12 counties.

Clinical Treatment Services provide 24-hour care to children and youth who suffer from emotional problems or mental illness. Contracted Services are provided in one psychiatric hospital program and a departmental re-ed program facility serves mildly to moderately emotionally disturbed children.

Residential Treatment Services (one contract and 12 state-operated facilities) provides 24 hour (post-adjudicative) custody care, and education (academic and vocational) for juveniles who have been committed to the Cabinet as a public offender or sentenced as a youthful offender. Green River Boys Camp was converted to a high intensity treatment program for appropriate placements.

DEPARTMENT FOR SOCIAL SERVICES YOUTH SERVICES

| Residential Facilities | City | County | Beds |
|---------------------------------------|---------------|---------------|-------------|
| Central Kentucky Treatment Center | Louisville | Jefferson | 40 |
| Johnson-Breckinridge Treatment Center | Louisville | Jefferson | 34 |
| Northern Kentucky Treatment Center | Crittenden | Grant | 45 |
| Morehead Treatment Center | Morehead | Rowan | 32 |
| Green River Boy's Camp | Cromwell | Butler | 34 |
| Rice-Audubon Treatment Center | Louisville | Jefferson | 42 |
| Mayfield Boy's Treatment Center | Mayfield | Graves | 30 |
| Owensboro Treatment Center | Owensboro | Daviess | 33 |
| Cardinal Treatment Center | Louisville | Jefferson | 33 |
| Lincoln Village Treatment Center | Elizabethtown | Hardin | 32 |
| Lake Cumberland Boy's Camp | Monticello | Wayne | 44 |
| Woodsbend Boy's Camp | West Liberty | Morgan | 40 |
| Bluegrass Treatment Center | Lexington | Fayette | 16 |

Total (13 Residential Facilities) - 455 Beds

| Group Home Facilities | County | Beds |
|------------------------------|---------------|-------------|
| Ashland | Boyd | 8 |
| Bowling Green | Warren | 8 |
| Burnside | Pulaski | 8 |
| Frenchburg | Menifee | 8 |
| Glasgow | Barren | 8 |
| Hopkinsville | Christian | 8 |
| London | Laurel | 8 |
| Mayfield | Graves | 8 |
| Middlesboro | Bell | 8 |
| Waddy | Shelby | 8 |
| Frankfort | Franklin | 8 |
| Westport | Jefferson | 8 |
| Louisville - Bardstown Road | Jefferson | 8 |
| Louisville - Crescent | Jefferson | 8 |
| Louisville - Kennedy | Jefferson | 8 |
| Louisville - Winter Avenue | Jefferson | 8 |
| Lexington - Project Respect | Fayette | 8 |

Total (17 Group Home Facilities) - 136 Beds

| Day Treatment Facilities | County | Slots |
|---------------------------------|---------------|--------------|
| Ashland | Boyd | 30 |
| Christian County | Christian | 30 |
| Hardin County | Hardin | 40 |
| Louisville | Jefferson | 75 |
| Newport | Campbell | 45 |
| Owensboro | Daviess | 50 |
| Bullitt County | Bullitt | 50 |
| Covington Area | Kenton | 53 |
| Cropper | Henry | 30 |
| Harrodsburg | Mercer | 22 |
| Hopkins County | Hopkins | 30 |
| Laurel County | Laurel | 30 |
| Lexington | Fayette | 55 |
| Lifeskills | Warren | 36 |
| Madison County | Madison | 30 |
| Phelps | Pike | 6 |
| Shelby Valley | Pike | 30 |
| Wilkinson Street | Franklin | 50 |

Total (18 Day Treatment Facilities) - 692 Slots

Policy

A federal investigation of the juvenile residential treatment centers identified several programmatic and facility inadequacies. The Cabinet is responding to the federal court findings through a consent decree process whereby Kentucky will initiate a long-term, comprehensive plan to correct systematic problems in the juvenile system. Program changes and the associated funding requests were developed as a part of the biennial budget request process. One major change, which is already in effect, was the Executive Order to move the maximum security juvenile facility (Central Kentucky Treatment Center) operations and responsibility to the Justice Cabinet through a contractual agreement with the Department for Social Services. The following chart itemizes the funds budgeted to fulfill the terms of the Juvenile Consent Decree.

| Juvenile Consent Decree | | |
|---|--------------------------------|--------------------------------|
| Operating Budget | Fiscal Year 1996-97 | Fiscal Year 1997-98 |
| <i>Personnel</i> | | |
| Psychiatric Forensic Unit - 16-bed contract | 1,300,000 | 1,341,000 |
| Additional beds - up to 84 beds | 1,335,300 | 3,613,500 |
| Aftercare Services - 125 youth | 1,250,000 | 1,286,000 |
| Legal Services Contract | 340,000 | 340,000 |
| Subtotal | 4,225,300 | 6,580,500 |
| <i>Gr/Ln/Ben</i> | | |
| Diagnostic Services | 2,000,000 | 2,060,000 |
| <i>Capital</i> | | |
| Surveillance Cameras/Monitoring System | 127,000 | 150,000 |
| Electronic Bar-coding System for Isolation | 24,000 | |
| Computer System and Video Equipment | 359,000 | |
| Total Operating Budget Request | 6,735,300 | 8,790,500 |

The Psychiatric Forensic Unit - 16 bed contract - will serve severely emotionally disturbed public and youthful offenders who may be mentally disabled or suffer other disabilities. This unit will be staff intensive with appropriate medical, psychiatric and psychological support services 24-hours a day.

The additional 84 beds will serve post-adjudicative public juvenile offenders to address the current waiting list.

Aftercare Services - 125 youth - will be provided for youth discharged from residential facilities. Services include individual counseling, group counseling, referrals to supportive services (education), parent-child counseling, and referrals to job training/employment program.

Legal Services Contract - provides contracted legal services for youth in the Department for Social Services residential facilities.

A Diagnostics Services Contract will be provided to assess the treatment needs of each juvenile before placement in a residential facility. An exit assessment will also be performed through this contract.

The capital items requested would bring existing facilities into compliance with American Correctional Association (ACA) standards, American's with Disabilities Act (ADA) standards, and other fire/safety codes.

Note: House Bill 117 directs the transfer of Juvenile Treatment Services to the Justice Cabinet effective July 1, 1997.

FAMILIES AND CHILDREN
Social Services
Aging and Support Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 22,398,700 | 30,802,200 | 31,036,300 | 24,431,600 | 24,511,300 |
| Federal Funds | | | | | |
| Balance Forward | 577,800 | | | | |
| Current Receipts | 17,367,900 | 16,845,400 | 16,845,400 | 16,845,400 | 16,845,400 |
| Revenue Redistribution | -900 | -1,000 | -1,000 | -1,000 | -1,000 |
| Total Federal Funds | <u>17,944,800</u> | <u>16,844,400</u> | <u>16,844,400</u> | <u>16,844,400</u> | <u>16,844,400</u> |
| TOTAL FUNDS | <u>40,343,500</u> | <u>47,646,600</u> | <u>47,880,700</u> | <u>41,276,000</u> | <u>41,355,700</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 1,466,200 | 1,540,500 | 1,615,700 | 1,475,500 | 1,548,000 |
| Operating Expenses | 222,600 | 245,000 | 270,800 | 145,800 | 153,000 |
| Grants, Loans or Benefits | 38,649,700 | 45,846,100 | 45,989,200 | 39,649,700 | 39,649,700 |
| Capital Outlay | 5,000 | 15,000 | 5,000 | 5,000 | 5,000 |
| TOTAL EXPENDITURES | <u>40,343,500</u> | <u>47,646,600</u> | <u>47,880,700</u> | <u>41,276,000</u> | <u>41,355,700</u> |
| EXPENDITURES BY UNIT | | | | | |
| Older Americans Act Services | 18,809,000 | 18,900,800 | 18,996,900 | 18,739,600 | 18,815,400 |
| Homecare Services | 15,683,400 | 17,446,500 | 17,492,200 | 15,684,400 | 15,686,800 |
| Community Based Services | 5,851,100 | 11,299,300 | 11,391,600 | 6,852,000 | 6,853,500 |
| TOTAL EXPENDITURES | <u>40,343,500</u> | <u>47,646,600</u> | <u>47,880,700</u> | <u>41,276,000</u> | <u>41,355,700</u> |

The Aging and Support Services Division assists elderly and adult persons maintain independence, maximum self-sufficiency, and dignity in a home environment. Supportive services to the elderly and physically disabled adults are provided in the least restrictive environment. The service delivery and oversight are provided in the three program areas: Older Americans Act, Homecare Services, and Community-Based Services. These services are carried out through contracts with the fifteen Area Development Districts (ADDs).

Older Americans Act Services include: congregate meals, nutrition services, employment services, and the long-term ombudsman program.

Homecare Services provides alternative services for frail and vulnerable adults 60 years and older who are physically and/or functionally disabled and at-risk of long-term institutionalization. Essential services include: Homemaker/Personal Care, Homemaker/Home Management, Home Health Aide, Home-Delivered Meals, Home Repair, Chore, Respite, and Escort Services (such as to the Doctor's Office).

Community-Based Services provides programs for Adult Day Care and Alzheimer's Respite, Personal Care Attendant for Physically Disabled Adults, and a Long-Term Care Case Management Project. These programs strive to provide cost effective alternatives to the population at-risk of institutionalization.

Policy

The enacted budget provides \$1,000,000 in General Funds in each year of the biennium to expand the Personal Care Attendant Program by 200 clients in rural areas.

FAMILIES AND CHILDREN
Administration and Program Support

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 23,299,300 | 25,333,900 | 25,256,500 | 21,536,800 | 22,479,000 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 3,570,300 | 1,583,700 | 1,026,600 | 1,583,700 | 421,700 |
| Current Receipts | 3,546,200 | 4,649,600 | 4,971,500 | 5,063,400 | 4,821,800 |
| Non-Revenue Receipts | | | | -514,200 | |
| Total Restricted Agency Funds | <u>7,116,500</u> | <u>6,233,300</u> | <u>5,998,100</u> | <u>6,132,900</u> | <u>5,243,500</u> |
| Federal Funds | | | | | |
| Balance Forward | 294,600 | | | | |
| Current Receipts | 2,421,800 | 3,164,000 | 3,187,400 | 2,147,700 | 2,236,500 |
| Non-Revenue Receipts | 4,824,300 | 6,826,400 | 7,060,300 | 6,826,400 | 7,060,300 |
| Revenue Redistribution | 349,400 | 241,700 | 253,000 | 241,700 | 253,000 |
| Total Federal Funds | <u>7,890,100</u> | <u>10,232,100</u> | <u>10,500,700</u> | <u>9,215,800</u> | <u>9,549,800</u> |
| TOTAL FUNDS | <u>38,305,900</u> | <u>41,799,300</u> | <u>41,755,300</u> | <u>36,885,500</u> | <u>37,272,300</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 16,516,000 | 20,383,200 | 21,149,200 | 16,774,000 | 17,601,000 |
| Operating Expenses | 7,004,600 | 6,918,500 | 6,961,800 | 6,813,900 | 6,856,200 |
| Grants, Loans or Benefits | 803,900 | 1,462,300 | 1,544,800 | 881,800 | 881,800 |
| Debt Service | 11,902,000 | 11,496,000 | 11,493,000 | 11,672,000 | 11,650,000 |
| Capital Outlay | 495,700 | 512,700 | 506,500 | 322,100 | 283,300 |
| TOTAL EXPENDITURES | <u>36,722,200</u> | <u>40,772,700</u> | <u>41,655,300</u> | <u>36,463,800</u> | <u>37,272,300</u> |
| EXPENDITURES BY UNIT | | | | | |
| Secretary | 494,800 | 489,100 | 508,900 | 237,800 | 246,100 |
| Communications | 293,100 | 305,900 | 318,600 | 303,200 | 316,600 |
| Building Costs | 15,501,100 | 15,121,700 | 15,255,100 | 15,297,700 | 15,412,100 |
| Administrative Services | 14,928,700 | 18,053,200 | 18,510,700 | 14,162,800 | 14,631,600 |
| Personnel and Budget | 2,703,600 | 3,593,600 | 3,794,400 | 3,374,800 | 3,524,200 |
| General Counsel | 2,161,600 | 2,207,500 | 2,305,000 | 2,081,300 | 2,174,200 |
| Ombudsman | 639,300 | 1,001,700 | 962,600 | 1,006,200 | 967,500 |
| TOTAL EXPENDITURES | <u>36,722,200</u> | <u>40,772,700</u> | <u>41,655,300</u> | <u>36,463,800</u> | <u>37,272,300</u> |

Administration and Program Support aggregates Cabinet control and oversight functions under a major program area. The primary purpose of this area is to provide specialized support in management services, law, debt service, and citizens affairs so that the Cabinet's two departments deliver services efficiently and economically.

The Administration and Program Support (APS) Offices previously served the Cabinet for Human Resources. For the interim period, Administration and Program Support resources will be used by both Cabinets. The Administrative and Program Support appropriation unit will be temporarily housed in the Cabinet for Families and Children. The Cabinet for Health Services will contract for services provided by APS during the reorganization transition. The sister Cabinets will reallocate personnel, equipment, property, etc., so that by the beginning of the new fiscal, each Cabinet will function autonomously.

The Office of Inspector General has been transferred to the Cabinet for Health Services, Department for Health Services.

FAMILIES AND CHILDREN
Administration and Program Support
Secretary

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 245,000 | 245,000 | 255,000 | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 267,300 | 55,300 | 123,300 | 55,300 | |
| Current Receipts | -84,300 | 138,800 | -49,700 | 9,200 | 65,800 |
| Total Restricted Agency Funds | <u>183,000</u> | <u>194,100</u> | <u>73,600</u> | <u>64,500</u> | <u>65,800</u> |
| Federal Funds | | | | | |
| Balance Forward | 3,600 | | | | |
| Current Receipts | | 173,300 | 180,300 | 173,300 | 180,300 |
| Revenue Redistribution | 118,500 | | | | |
| Total Federal Funds | <u>122,100</u> | <u>173,300</u> | <u>180,300</u> | <u>173,300</u> | <u>180,300</u> |
| TOTAL FUNDS | <u>550,100</u> | <u>612,400</u> | <u>508,900</u> | <u>237,800</u> | <u>246,100</u> |

The Office of the Secretary formulates and implements state policies governing human services which reflect legislative, executive, and federal mandates. The Office also serves as the primary contact for citizens, service providers, business and labor organizations, and other government agencies and officials.

FAMILIES AND CHILDREN
Administration and Program Support
Communications

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 133,300 | 133,300 | 140,000 | 43,400 | 138,000 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 114,400 | 101,600 | 87,200 | 101,600 | |
| Current Receipts | 84,200 | 50,000 | -21,300 | 50,000 | 65,900 |
| Total Restricted Agency Funds | 198,600 | 151,600 | 65,900 | 151,600 | 65,900 |
| Federal Funds | | | | | |
| Balance Forward | 500 | | | | |
| Current Receipts | 62,300 | 108,200 | 112,700 | 108,200 | 112,700 |
| Total Federal Funds | 62,800 | 108,200 | 112,700 | 108,200 | 112,700 |
| TOTAL FUNDS | 394,700 | 393,100 | 318,600 | 303,200 | 316,600 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 247,600 | 260,400 | 273,100 | 262,400 | 275,500 |
| Operating Expenses | 45,500 | 45,500 | 45,500 | 40,800 | 41,100 |
| TOTAL EXPENDITURES | 293,100 | 305,900 | 318,600 | 303,200 | 316,600 |

The Office of Communications is responsible for providing and interpreting information pertaining to the human services area both externally to the public and internally to the employees. Communicating information about the Cabinets to the public is accomplished through press conferences, appearances on television talk shows, news releases, and special reports to elected officials and community leaders. Internal communication with employees involves analyzing and making recommendations to the Secretaries on employee suggestions and complaints, and arranging meetings between the Secretaries and groups of employees. Also, all departmental publications are reviewed and edited in the Office of Communications before being printed.

FAMILIES AND CHILDREN
Administration and Program Support
Building Costs

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 14,401,600 | 13,916,600 | 13,992,600 | 14,082,400 | 14,149,600 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 577,100 | 525,400 | 10,200 | 525,400 | |
| Current Receipts | -49,700 | -514,200 | | | 10,200 |
| Non-Revenue Receipts | | | | -514,200 | |
| Total Restricted Agency Funds | <u>527,400</u> | <u>11,200</u> | <u>10,200</u> | <u>11,200</u> | <u>10,200</u> |
| Federal Funds | | | | | |
| Current Receipts | 1,097,500 | 1,204,100 | 1,252,300 | 1,204,100 | 1,252,300 |
| TOTAL FUNDS | <u>16,026,500</u> | <u>15,131,900</u> | <u>15,255,100</u> | <u>15,297,700</u> | <u>15,412,100</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 526,200 | 589,800 | 648,800 | 589,800 | 648,800 |
| Operating Expenses | 2,962,200 | 2,814,400 | 2,891,800 | 2,814,400 | 2,891,800 |
| Debt Service | 11,902,000 | 11,496,000 | 11,493,000 | 11,672,000 | 11,650,000 |
| Capital Outlay | 110,700 | 221,500 | 221,500 | 221,500 | 221,500 |
| TOTAL EXPENDITURES | <u>15,501,100</u> | <u>15,121,700</u> | <u>15,255,100</u> | <u>15,297,700</u> | <u>15,412,100</u> |

All costs associated with the Human Resources Building in Frankfort, L & N Building in Louisville, and debt service for all departments in both Cabinets are budgeted in this program. The debt service associated with these projects is supported by the General Fund.

| Debt Service | Fiscal Year 1997 | Fiscal Year 1998 |
|---------------------|-----------------------------|-----------------------------|
| Project 31-4 | 3,397,000 | 3,394,000 |
| Project 53 | 821,000 | 820,000 |
| Project 55 | 6,359,000 | 6,359,000 |
| Project 56 | 671,000 | 671,000 |
| Project 59 | 424,000 | 406,000 |
| | <u>\$11,672,000</u> | <u>\$11,650,000</u> |

FAMILIES AND CHILDREN
Administration and Program Support
Administrative Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 6,695,000 | 8,473,500 | 8,339,000 | 5,054,300 | 5,410,800 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 2,258,000 | 545,100 | 421,700 | 545,100 | 421,700 |
| Current Receipts | 1,442,500 | 2,550,000 | 2,717,200 | 3,095,100 | 2,717,200 |
| Total Restricted Agency Funds | <u>3,700,500</u> | <u>3,095,100</u> | <u>3,138,900</u> | <u>3,640,200</u> | <u>3,138,900</u> |
| Federal Funds | | | | | |
| Balance Forward | 254,000 | | | | |
| Current Receipts | | 1,016,300 | 950,900 | | |
| Non-Revenue Receipts | 4,824,300 | 5,890,000 | 6,081,900 | 5,890,000 | 6,081,900 |
| Total Federal Funds | <u>5,078,300</u> | <u>6,906,300</u> | <u>7,032,800</u> | <u>5,890,000</u> | <u>6,081,900</u> |
| TOTAL FUNDS | <u>15,473,800</u> | <u>18,474,900</u> | <u>18,510,700</u> | <u>14,584,500</u> | <u>14,631,600</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 10,470,800 | 13,700,300 | 14,108,800 | 9,991,800 | 10,459,400 |
| Operating Expenses | 3,501,100 | 3,461,100 | 3,460,100 | 3,454,300 | 3,453,600 |
| Grants, Loans or Benefits | 656,800 | 656,800 | 656,800 | 656,800 | 656,800 |
| Capital Outlay | 300,000 | 235,000 | 285,000 | 59,900 | 61,800 |
| TOTAL EXPENDITURES | <u>14,928,700</u> | <u>18,053,200</u> | <u>18,510,700</u> | <u>14,162,800</u> | <u>14,631,600</u> |
| EXPENDITURES BY UNIT | | | | | |
| Executive Director | 748,600 | 675,200 | 692,000 | 510,800 | 528,600 |
| Fiscal Services | 4,748,500 | 5,466,700 | 5,558,600 | 4,567,500 | 4,712,300 |
| Facilities Services | 9,431,600 | 11,911,300 | 12,260,100 | 9,084,500 | 9,390,700 |
| TOTAL EXPENDITURES | <u>14,928,700</u> | <u>18,053,200</u> | <u>18,510,700</u> | <u>14,162,800</u> | <u>14,631,600</u> |

The Office of Administrative Services is responsible for providing administrative direction and supervision of support services including accounting, data processing, payroll, purchasing, payments, and general facility services to both Cabinets. The Executive Director's Office subprogram coordinates and supervises the fiscal and facilities services subprograms.

The Fiscal Services subprogram is responsible for providing a centralized accounting system for the Cabinets; pre-auditing and processing of payroll checks and travel vouchers; increasing the effectiveness and efficiency of receiving and processing accounting documents; producing financial statements and preparing and filing federal reports on a timely basis; paying all imprest cash invoices within a maximum of four working days; and responding to all audits performed on the Cabinets' programs.

The Facilities Services subprogram is responsible for providing and continually improving administrative support services such as janitorial services, supply acquisition, mail and messenger service, and inventory management; providing adequate services

to assure that all the Cabinets' facilities and buildings are maintained at the maximum service level; operating a preventive maintenance program for roofs of all the Cabinets' buildings; providing adequate purchasing and payment procedures; providing systems to adequately maintain and control records for the Cabinets; and providing data processing services for the Cabinets.

FAMILIES AND CHILDREN
Administration and Program Support
Personnel and Budget

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 962,200 | 1,534,900 | 1,593,200 | 1,279,300 | 1,769,800 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 91,600 | 356,300 | 186,800 | 356,300 | |
| Current Receipts | 1,278,700 | 952,800 | 1,036,000 | 802,800 | 776,000 |
| Total Restricted Agency Funds | <u>1,370,300</u> | <u>1,309,100</u> | <u>1,222,800</u> | <u>1,159,100</u> | <u>776,000</u> |
| Federal Funds | | | | | |
| Balance Forward | 10,000 | | | | |
| Current Receipts | 717,400 | | | | |
| Non-Revenue Receipts | | 936,400 | 978,400 | 936,400 | 978,400 |
| Total Federal Funds | <u>727,400</u> | <u>936,400</u> | <u>978,400</u> | <u>936,400</u> | <u>978,400</u> |
| TOTAL FUNDS | <u>3,059,900</u> | <u>3,780,400</u> | <u>3,794,400</u> | <u>3,374,800</u> | <u>3,524,200</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 2,306,500 | 2,530,900 | 2,658,500 | 2,978,600 | 3,125,100 |
| Operating Expenses | 220,000 | 241,700 | 247,900 | 171,200 | 174,100 |
| Grants, Loans or Benefits | 147,100 | 805,500 | 888,000 | 225,000 | 225,000 |
| Capital Outlay | 30,000 | 15,500 | | | |
| TOTAL EXPENDITURES | <u>2,703,600</u> | <u>3,593,600</u> | <u>3,794,400</u> | <u>3,374,800</u> | <u>3,524,200</u> |

The Office for Personnel and Budget carries out personnel actions, provides guidance to supervisors in managing employees, reviews employee grievances and employer disciplinary actions. This subprogram prepares reports on Equal Employment Opportunities (EEO) staffing and monitors the compliance with regulations under the Civil Rights Act, Affirmative Action and the Americans with Disabilities Act. It also coordinates the preparation and execution of the Cabinets' biennial budget, develops long range policy and coordinates the Cabinets' legislative activities.

Staff administering the Family Resource and Youth Services Centers Program are also housed in this Office. These centers, located in or nearby schools, facilitate access to human services for students and their families. Services may be provided on-site or the child may be transported to the provider. Funds for Center grants are transferred from the Department of Education's Learning Support Services. These dollars are displayed in the Department of Education's budget. Funds secured from private grants are displayed as agency dollars within this budget unit.

FAMILIES AND CHILDREN
Administration and Program Support
General Counsel

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 670,000 | 670,000 | 670,000 | 543,800 | 539,200 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 188,500 | | 100,000 | | |
| Current Receipts | 732,100 | 975,400 | 943,800 | 875,400 | 943,800 |
| Total Restricted Agency Funds | 920,600 | 975,400 | 1,043,800 | 875,400 | 943,800 |
| Federal Funds | | | | | |
| Balance Forward | 26,400 | | | | |
| Current Receipts | 544,600 | 662,100 | 691,200 | 662,100 | 691,200 |
| Total Federal Funds | 571,000 | 662,100 | 691,200 | 662,100 | 691,200 |
| TOTAL FUNDS | 2,161,600 | 2,307,500 | 2,405,000 | 2,081,300 | 2,174,200 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 1,964,600 | 2,062,000 | 2,159,500 | 1,940,200 | 2,031,700 |
| Operating Expenses | 147,000 | 145,500 | 145,500 | 141,100 | 142,500 |
| Capital Outlay | 50,000 | | | | |
| TOTAL EXPENDITURES | 2,161,600 | 2,207,500 | 2,305,000 | 2,081,300 | 2,174,200 |

The Office of General Counsel provides legal advice and assistance to all units of both Cabinets. The Office represents the Cabinets and its officials in federal and state courts as well as before quasjudicial and administrative bodies. It reviews and drafts legal documents, contracts, and instruments; state and federal regulations; state and federal legislation, statutes, and legal opinions for the Secretaries, Commissioners, and Directors; and responds to legal inquiries submitted by local officials and the public.

**FAMILIES AND CHILDREN
Ombudsman**

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 192,200 | 360,600 | 266,700 | 533,600 | 471,600 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 73,400 | | 97,400 | | |
| Current Receipts | 142,700 | 496,800 | 345,500 | 230,900 | 242,900 |
| Total Restricted Agency Funds | 216,100 | 496,800 | 442,900 | 230,900 | 242,900 |
| Federal Funds | | | | | |
| Balance Forward | 100 | | | | |
| Revenue Redistribution | 230,900 | 241,700 | 253,000 | 241,700 | 253,000 |
| Total Federal Funds | 231,000 | 241,700 | 253,000 | 241,700 | 253,000 |
| TOTAL FUNDS | 639,300 | 1,099,100 | 962,600 | 1,006,200 | 967,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 600,600 | 829,900 | 870,800 | 837,600 | 878,800 |
| Operating Expenses | 38,700 | 131,100 | 91,800 | 127,900 | 88,700 |
| Capital Outlay | | 40,700 | | 40,700 | |
| TOTAL EXPENDITURES | 639,300 | 1,001,700 | 962,600 | 1,006,200 | 967,500 |

The Office of the Ombudsman handles complaints and inquiries from citizens pertaining to all programs administered by human services agencies. The Ombudsman investigates complaints and works with the Department or Office administering the program to resolve the complaint; advises the Secretaries, Commissioners, and Office Heads as to the pattern of complaints and recommends corrective action when appropriate.

Policy

The Juvenile Care Ombudsman Program has been authorized to monitor services and treatment provided to committed youth in the residential treatment facilities. Staff will also address resident grievances by processing service complaints and conducting local resolutions of those complaints. The enacted budget includes funding \$336,900 in fiscal year 1997 and \$266,700 in fiscal year 1998 for the Juvenile Ombudsman Program.

HEALTH SERVICES

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--|--------------------|----------------------|----------------------|--------------------|--------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 690,402,800 | 840,592,300 | 932,937,600 | 734,675,100 | 807,724,000 |
| Continuing Appropriation | 1,800,000 | | | | |
| Total General Fund | 692,202,800 | 840,592,300 | 932,937,600 | 734,675,100 | 807,724,000 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 18,863,300 | 7,246,200 | 4,371,100 | 8,508,400 | 10,182,100 |
| Current Receipts | 114,083,700 | 97,458,000 | 99,618,800 | 104,625,400 | 106,602,400 |
| Non-Revenue Receipts | 180,888,300 | 194,597,400 | 203,493,500 | 225,985,600 | 222,205,000 |
| Total Restricted Agency Funds | 313,835,300 | 299,301,600 | 307,483,400 | 339,119,400 | 338,989,500 |
| Federal Funds | | | | | |
| Balance Forward | 3,338,000 | | | | |
| Current Receipts | 1,790,158,700 | 1,918,152,000 | 2,083,180,600 | 1,926,222,900 | 2,087,216,700 |
| Non-Revenue Receipts | 1,600,300 | 1,112,100 | 1,113,700 | 1,112,100 | 1,113,700 |
| Revenue Redistribution | -8,942,200 | -5,452,300 | -5,914,300 | -7,775,200 | -8,538,200 |
| Total Federal Funds | 1,786,154,800 | 1,913,811,800 | 2,078,380,000 | 1,919,559,800 | 2,079,792,200 |
| TOTAL FUNDS | 2,792,192,900 | 3,053,705,700 | 3,318,801,000 | 2,993,354,300 | 3,226,505,700 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 215,125,000 | 222,675,600 | 230,723,700 | 201,703,200 | 208,702,400 |
| Operating Expenses | 28,325,700 | 30,521,400 | 30,405,600 | 27,794,300 | 28,162,000 |
| Grants, Loans or Benefits | 2,537,709,000 | 2,793,825,800 | 3,051,898,300 | 2,751,761,400 | 2,985,234,100 |
| Capital Outlay | 2,524,800 | 2,358,900 | 1,980,400 | 1,913,300 | 1,823,900 |
| TOTAL EXPENDITURES | 2,783,684,500 | 3,049,381,700 | 3,315,008,000 | 2,983,172,200 | 3,223,922,400 |
| EXPENDITURES BY UNIT | | | | | |
| Medicaid Services | 2,305,329,400 | 2,496,487,900 | 2,730,324,300 | 2,489,771,200 | 2,717,815,200 |
| Mental Health/Mental Retardation | | | | | |
| Health Services | 250,132,800 | 307,323,300 | 332,948,300 | 266,085,600 | 274,266,200 |
| Commission for Children with Special Health Care Needs | 204,689,800 | 215,781,900 | 222,146,500 | 203,629,800 | 207,913,300 |
| Health Care Policy Board | 15,875,900 | 19,580,600 | 19,246,000 | 15,282,100 | 15,460,700 |
| Health Purchasing Alliance | 4,596,200 | 5,330,000 | 5,437,300 | 3,578,600 | 3,600,900 |
| TOTAL EXPENDITURES | 2,783,684,500 | 3,049,381,700 | 3,315,008,000 | 2,983,172,200 | 3,223,922,400 |

The Cabinet for Health Services was created by Executive Order 95-79 (which also abolished the Cabinet for Human Resources) on December 28, 1995. The Department for Medicaid Services, Department for Mental Health/Mental Retardation, Department for Health Services, Commission for Children with Special Health Care Needs, Health Care Policy Board, Health Purchasing Alliance, and the Office of Inspector General form the new Cabinet.

Pursuant to legislative ratification of Executive Order 95-79, the functions and positions of the Administration and Program Support Offices (currently housed in the Cabinet for Families and Children) will be reallocated to the two new Cabinets.

HEALTH SERVICES
Medicaid Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|---------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 494,612,600 | 559,897,200 | 623,926,200 | 563,885,700 | 628,590,500 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 238,000 | | | 1,062,200 | 5,608,000 |
| Current Receipts | 18,064,000 | | | 10,005,800 | 10,000,000 |
| Non-Revenue Receipts | 178,100,000 | 196,130,800 | 203,762,200 | 174,100,000 | 168,700,000 |
| Total Restricted Agency Funds | <u>196,402,000</u> | <u>196,130,800</u> | <u>203,762,200</u> | <u>185,168,000</u> | <u>184,308,000</u> |
| Federal Funds | | | | | |
| Balance Forward | 886,200 | | | | |
| Current Receipts | 1,629,847,500 | 1,752,875,400 | 1,915,716,000 | 1,761,111,000 | 1,920,672,200 |
| Revenue Redistribution | -15,356,700 | -12,462,600 | -13,131,500 | -14,785,500 | -15,755,500 |
| Total Federal Funds | <u>1,615,377,000</u> | <u>1,740,412,800</u> | <u>1,902,584,500</u> | <u>1,746,325,500</u> | <u>1,904,916,700</u> |
| TOTAL FUNDS | <u>2,306,391,600</u> | <u>2,496,440,800</u> | <u>2,730,272,900</u> | <u>2,495,379,200</u> | <u>2,717,815,200</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 52,991,700 | 46,928,700 | 47,339,000 | 37,823,900 | 38,439,000 |
| Operating Expenses | 733,200 | 735,600 | 738,000 | 735,600 | 738,000 |
| Grants, Loans or Benefits | 2,251,379,500 | 2,448,773,600 | 2,682,197,300 | 2,451,173,400 | 2,678,598,800 |
| Capital Outlay | 225,000 | 50,000 | 50,000 | 38,300 | 39,400 |
| TOTAL EXPENDITURES | <u>2,305,329,400</u> | <u>2,496,487,900</u> | <u>2,730,324,300</u> | <u>2,489,771,200</u> | <u>2,717,815,200</u> |
| EXPENDITURES BY UNIT | | | | | |
| Medicaid Services - Administration | 64,929,400 | 61,106,900 | 62,188,500 | 47,710,500 | 48,758,100 |
| Medicaid - Benefits | 2,240,400,000 | 2,435,381,000 | 2,668,135,800 | 2,442,060,700 | 2,669,057,100 |
| TOTAL EXPENDITURES | <u>2,305,329,400</u> | <u>2,496,487,900</u> | <u>2,730,324,300</u> | <u>2,489,771,200</u> | <u>2,717,815,200</u> |

The Medical Assistance program underwrites payments for health care provided to medically indigent Kentuckians. Eligibility for services is determined by county Cabinet for Families and Children offices. Persons may also automatically qualify for benefits if they are eligible for Supplemental Security Income benefits administered by the Social Security Administration. The Department for Medicaid Services does not actually provide medical services itself; it reimburses health care providers who choose to participate in the Medicaid program.

Medicaid Budget Assumptions

The first session of the 104th Congress ended without agreement between the Clinton Administration and Congress on budget reconciliation. The future design and funding of the Medicaid Program continued to be a major point of contention throughout the budget discussions in the Spring of 1996. Negotiations continued between the Administration and the Congress; but it was uncertain what final form a Medicaid funding formula would take.

For purposes of Governor Patton's budget recommendation, it was determined that the President's "Per Capita Cap" proposal represented a middle ground position in the area of Medicaid funding which is likely to prevail. Although it did maintain the entitlement status of the Medicaid program, it capped federal Medicaid spending at a realistic threshold. Pursuing this course of action allowed the Commonwealth to continue to provide both core and related Medicaid services such as the Disproportionate Share Hospital (DSH) payments in the 1996-98 biennium. Equally important, the Commonwealth could use Medicaid dollars to leverage federal funds in the areas of mental health and social services.

Since no action had been taken at the federal level relative to the Medicaid funding formula by April 1996, the General Assembly followed the same funding strategy proposed by the Governor and adopted the Per Capita Cap Plan.

The Per Capita Cap Medicaid Plan

The President's Medicaid proposal has three principal features: 1) a per capita cap; 2) reduced and retargeted Disproportionate Share Hospital funding, and 3) increased state flexibility. Under the per capita cap, the federal guarantee of coverage is retained and spending per beneficiary is federally matched up to a set level.

Per Capita Growth Limits Policy

The cap is set by using spending per beneficiary in the base year — federal fiscal year 1995 — increased by an annual growth index. To accommodate the changes in the mix of Medicaid beneficiaries over time, the per capita cap is calculated using the specific spending per beneficiary and number of beneficiaries in four subgroups: the aged, the disabled, non-disabled adults, and children. Once the cap is calculated, it is multiplied by the federal Medicaid match to calculate the maximum federal spending in the state. If a state's spending exceeds the cap then the federal government will match only up to the cap using the current federal medical assistance match rate.

Reduced and Retargeted Disproportionate Share Hospital Payments

Payments for Disproportionate Share Hospital are excluded from the cap, but are reduced from their 1995 payment level 35 percent by the second year of the 1996-98 biennium. The states will set the criteria used to identify eligible providers and how those providers are to be paid.

Increased State Flexibility

The "cap" is coupled with increased state authority over the management of their Medicaid programs. This will enable states to use strategies appropriate to their own circumstances to control Medicaid costs. Some of the provisions to increase state flexibility are

- Boren Amendment The plan repeals the Boren Amendment, eliminating federally-mandated provider payment requirements imposed upon the states.
- Managed Care The plan allows states to move toward managed care and other types of cost-effective service delivery systems without federal waivers.
- Home and Community Based Care The plan permits and encourages states to provide long-term care in the home rather than in institutional settings.

Protection for Low-Income Seniors and Their Children

The Per Capita Cap Plan provides a financial safety net for low-income seniors and their children because it

- Continues to assist low-income seniors by assuming responsibility for Medicare premiums, co-payments, and deductibles.
- Continues spousal impoverishment protections.
- Protects the financial resources of adult children whose parents are in nursing homes.

Enacted Budget

The enacted budget was developed by using the President's Per Capita Cap Proposal as a guide. It assumes that

- Both Administration and Benefits will receive the federal matching dollars at the federal Medicaid match rate.

| Blended Federal Match | |
|------------------------------|-------------------|
| Fiscal Year | Match Rate |
| 1995-96 | 70.12% |
| 1996-97 | 70.14% |
| 1997-98 | 70.09% |

- Calculation of the overall Kentucky Medicaid cap for federal matching will follow guidelines suggested in the Clinton Plan. Since federal fiscal year 1995 data was not yet available state fiscal year 1995 was used to calculate the base year.
- Disproportionate Share Hospital funding will be reduced by 35 percent over the three year period.
- Funding flexibility will be sought from the General Assembly in order to move dollars between the Medicaid Benefits and Administration appropriation units as may be necessary.

HEALTH SERVICES
Medicaid Services
Administration

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 11,306,500 | 22,090,800 | 22,923,800 | 8,786,400 | 7,851,100 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 238,000 | | | | |
| Current Receipts | 8,976,400 | | | 5,460,000 | 6,732,400 |
| Non-Revenue Receipts | | 6,732,400 | 6,732,400 | | |
| Total Restricted Agency Funds | 9,214,400 | 6,732,400 | 6,732,400 | 5,460,000 | 6,732,400 |
| Federal Funds | | | | | |
| Balance Forward | 100,400 | | | | |
| Current Receipts | 59,664,800 | 44,699,200 | 45,612,400 | 48,249,600 | 49,930,100 |
| Revenue Redistribution | -15,356,700 | -12,462,600 | -13,131,500 | -14,785,500 | -15,755,500 |
| Total Federal Funds | 44,408,500 | 32,236,600 | 32,480,900 | 33,464,100 | 34,174,600 |
| TOTAL FUNDS | 64,929,400 | 61,059,800 | 62,137,100 | 47,710,500 | 48,758,100 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 52,991,700 | 46,928,700 | 47,339,000 | 37,823,900 | 38,439,000 |
| Operating Expenses | 733,200 | 735,600 | 738,000 | 735,600 | 738,000 |
| Grants, Loans or Benefits | 10,979,500 | 13,392,600 | 14,061,500 | 9,112,700 | 9,541,700 |
| Capital Outlay | 225,000 | 50,000 | 50,000 | 38,300 | 39,400 |
| TOTAL EXPENDITURES | 64,929,400 | 61,106,900 | 62,188,500 | 47,710,500 | 48,758,100 |
| EXPENDITURES BY UNIT | | | | | |
| Program Administration | 56,693,100 | 50,532,500 | 50,945,200 | 41,416,000 | 42,034,600 |
| Eligibility Determination | 8,236,300 | 10,574,400 | 11,243,300 | 6,294,500 | 6,723,500 |
| TOTAL EXPENDITURES | 64,929,400 | 61,106,900 | 62,188,500 | 47,710,500 | 48,758,100 |

The Medical Assistance program provides coverage for preventive and remedial medical care not otherwise available to the financially and medically indigent within the state's funding limitations. Administrative functions include determining the eligibility of applicants, formulating policy, processing claims, surveillance/utilization review and cost reimbursement. Claims are paid through a fiscal agent contract. In addition, the Medicaid program has contractors who are required to provide medical review of Medicaid acute care admissions, provide level of care determinations for long-term care patients and certify the medical necessity and appropriateness of such care, and provide a review of Medicaid recipients in mental hospitals and psychiatric facilities. The eligibility determination function is performed through contract by the Cabinet for Families and Children, Department for Social Insurance.

HEALTH SERVICES
Medicaid Services
Benefits

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 483,306,100 | 537,806,400 | 601,002,400 | 555,099,300 | 620,739,400 |
| Restricted Agency Funds | | | | | |
| Balance Forward | | | | 1,062,200 | 5,608,000 |
| Current Receipts | 9,087,600 | | | 4,545,800 | 3,267,600 |
| Non-Revenue Receipts | 178,100,000 | 189,398,400 | 197,029,800 | 174,100,000 | 168,700,000 |
| Total Restricted Agency Funds | <u>187,187,600</u> | <u>189,398,400</u> | <u>197,029,800</u> | <u>179,708,000</u> | <u>177,575,600</u> |
| Federal Funds | | | | | |
| Balance Forward | 785,800 | | | | |
| Current Receipts | 1,570,182,700 | 1,708,176,200 | 1,870,103,600 | 1,712,861,400 | 1,870,742,100 |
| Total Federal Funds | <u>1,570,968,500</u> | <u>1,708,176,200</u> | <u>1,870,103,600</u> | <u>1,712,861,400</u> | <u>1,870,742,100</u> |
| TOTAL FUNDS | <u>2,241,462,200</u> | <u>2,435,381,000</u> | <u>2,668,135,800</u> | <u>2,447,668,700</u> | <u>2,669,057,100</u> |
| EXPENDITURES BY CLASS | | | | | |
| Grants, Loans or Benefits | 2,240,400,000 | 2,435,381,000 | 2,668,135,800 | 2,442,060,700 | 2,669,057,100 |
| TOTAL EXPENDITURES | <u>2,240,400,000</u> | <u>2,435,381,000</u> | <u>2,668,135,800</u> | <u>2,442,060,700</u> | <u>2,669,057,100</u> |

The Medicaid - Benefits program provides preventive and remedial care to financially and medically indigent citizens of Kentucky. The program makes payments on behalf of recipients to vendors of medical service in many different health care settings.

KMAP Recipient Groups

Eligibility Criterion: Persons who are eligible for KMAP benefits are classified into two groups: those who already qualify for some type of financial assistance (categorically eligible) and those eligible for medical assistance only (medically needy).

Categorically Needy: Persons in this financial assistance group receive grant money from Aid to Families with Dependent Children (AFDC), State Supplementation, or the Supplemental Security Income (SSI) programs and are automatically eligible for Medicaid. Within this group are the following categories of people: needy families with dependent children; foster care children; those 65 years of age or older with inadequate incomes; the needy blind; the needy permanently and totally disabled. The categorically needy represent approximately 66% of the current program eligibles (see figure below).

Medically Needy: Persons in this group have incomes or resources above a level to qualify for financial assistance to meet basic needs, but who have insufficient income to meet all or part of their medical needs. This group also includes: pregnant women and infants with household income of less than 185 percent of the Federal Poverty Level (FPL); children under age 6 with household income under 133 percent of FPL; and children under age 13 with household income under the poverty level. The medically needy represent approximately 34 percent of the current program eligibles. (The budget assumes that one additional age cohort will be added in each year of the biennium).

It is interesting to note that although the aged, blind, and disabled (both categorically and medically needy) represent only 35 percent of the recipient population, they account for 66 percent of expenditures.

| Current Poverty Guidelines | |
|-----------------------------------|-----------------------|
| Family Size | Monthly Income |
| 1 | \$645 |
| 2 | 864 |
| 3 | 1,082 |
| 4 | 1,300 |
| 5 | 1,519 |
| 6 | 1,737 |

Eligible Recipients

The Medicaid recipient population has grown steadily since its inception. At the beginning of this decade there was a considerable upsurge when both Congress and the General Assembly took actions to expand coverage to such groups as low income children, pregnant women, and infants. Limited coverage was also extended to elderly social security recipients who had income below the federal poverty level but had been formerly ineligible for coverage. In both fiscal years 1991 and 1992, the number of eligibles enrolled in the program increased at an extraordinary rate of thirteen percent annually. However, program growth has moderated in recent years, benefiting from an improved economy and a decline in the welfare population, bringing the compounded annual growth rate for the first half of the nineties to 7.7 percent.

| Eligible Medicaid Recipients | |
|-------------------------------------|-------------------------------|
| Fiscal Year | Average Monthly Number |
| 1967 | 225,547 |
| 1970 | 297,431 |
| 1975 | 324,158 |
| 1980 | 320,320 |
| 1985 | 337,394 |
| 1990 | 369,554 |
| 1995 | 536,160 |

The enacted budget assumes the following projected average monthly eligibles:

| Projected Medicaid Recipients | |
|--------------------------------------|-------------------------------|
| Fiscal Year | Average Monthly Number |
| 1996 | 543,575 |
| 1997 | 560,997 |
| 1998 | 578,297 |

NOTE: These estimates were based on actual data to date from fiscal year 1995-96. It also assumes 222 additional nursing home residents will be covered in fiscal year 1997 and fiscal year 1998. (The Health Care Policy Board approved 890 new nursing home beds last summer).

Services

When the federal Medicaid program was enacted by Congress in 1965 the goal of the program was to offer "comprehensive health care for substantially all individuals within the decade" as part of a larger health care reform initiative. Although that goal was not met, the program has expanded to cover not only an increasingly larger share of the low-income population, but a wider scope of services as well. The Kentucky Medicaid benefit package has grown from offering six services in the mid-sixties to nearly 40 services thirty years later. In order to receive federal matching funds certain services are mandated. Other optional programs may be offered on a selective basis.

Some examples of mandatory services are those provided by physicians and hospitals. Nearly one-quarter of Kentucky's current Medicaid expenditures are for such optional services as prescription drugs and hospice services (see table below). States are also given some latitude as to the manner in which these programs are programmatically and administratively structured. Those choices are described in the Kentucky State Plan for Medicaid Services which must be approved by the Federal Health Care Financing Administration (HCFA).

| Medicaid Covered Services | |
|--|--|
| <i>Mandatory</i> | <i>Optional</i> |
| Inpatient Hospital Physician Services Nursing Facilities Outpatient Hospital Home Health Durable Medical Family Planning Screening Lab Dental (under 21) Transportation: Non-Emergency Emergency Vision Care (under 21) Hearing Care (under 21) Primary Care/Rural Health Medicare/Insurance Premiums QMB/Medicare Services EPSDT Related Services Nurse Midwife/Practitioner | Intermediate Care Home for the Mentally Retarded Pharmacy Community Mental Health Mental Hospitals Renal Dialysis Services Podiatry Community Residences for the Mentally Retarded Waiver Services Ambulatory Surgical Centers Home and Community Based Waiver Services Adult Day Care Nurse Anesthetist KenPAC (Primary Care Case Management) Hospice Preventive Handicapped Children Emotionally Disturbed Children Case Management Mentally Ill |

Provider Taxes

Although the majority of the funds that the Commonwealth uses to match federal Medicaid dollars are derived from the General Fund, approximately 27 percent of the program's revenues are currently secured from a dedicated provider tax. The tax is levied on hospitals, pharmacies, physicians, home health agencies, health maintenance organizations, and long-term care facilities. All provider groups pay a rate of two percent on gross revenues with the exception of hospitals and pharmacies; hospitals are taxed at a rate of 2.5% and pharmacies pay 25 cents a prescription. In fiscal year 1994-95 the tax raised \$172.1 million. When these dollars were matched with federal dollars, the tax provided \$571 million for program services.

The enacted budget assumes that the provider tax on physicians will be phased out on the following schedule:

| Physician Provider Tax Rate | | | |
|-----------------------------|----------|-----------------------|----------------|
| Fiscal Year | Tax Rate | Effective Date of Cut | Projected Cost |
| 1997 | 1 ½ % | 7/1/96 | \$12 million |
| 1998 | 1 % | 7/1/97 | \$25 million |
| 1999 | ½ % | 7/1/98 | \$38.9 million |
| 2000 | 0 | 7/1/99 | \$54.7 million |

Disproportionate Share Hospital Payments

The enacted budget provides the following Disproportionate Share Hospital Payment amounts:

Fiscal Year 1996 - \$148.40
Fiscal Year 1997 - \$141.20
Fiscal Year 1998 - \$142.90

These funds will be divided into two pools: one for state-owned mental hospitals and one for all other acute care hospitals.

NOTE: Due to the availability of Disproportionate Share Hospital projected, the enacted appropriation for the Department for Mental Health/Mental Retardation, Residential Services Division, for the 1995-96 fiscal year has been determined to be in excess of program requirements by \$24 million. These funds will be transferred to the Medicaid Benefits budget where they will be used to underwrite costs associated with the transition to managed care.

HEALTH SERVICES
Mental Health/Mental Retardation

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|---------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 132,125,300 | 204,765,200 | 229,850,500 | 113,527,500 | 120,168,400 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 13,594,400 | 2,750,200 | 2,050,200 | 2,750,200 | 2,053,200 |
| Current Receipts | 77,493,500 | 72,230,400 | 74,140,500 | 72,230,400 | 74,140,500 |
| Non-Revenue Receipts | 2,456,900 | 1,882,600 | 2,505,000 | 51,885,600 | 53,505,000 |
| Total Restricted Agency Funds | 93,544,800 | 76,863,200 | 78,695,700 | 126,866,200 | 129,698,700 |
| Federal Funds | | | | | |
| Balance Forward | 1,093,600 | | | | |
| Current Receipts | 25,150,700 | 27,164,700 | 25,874,000 | 27,164,700 | 25,874,000 |
| Non-Revenue Receipts | 1,471,300 | 977,600 | 977,600 | 977,600 | 977,600 |
| Revenue Redistribution | -502,700 | -397,200 | -399,300 | -397,200 | -399,300 |
| Total Federal Funds | 27,212,900 | 27,745,100 | 26,452,300 | 27,745,100 | 26,452,300 |
| TOTAL FUNDS | 252,883,000 | 309,373,500 | 334,998,500 | 268,138,800 | 276,319,400 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 102,931,800 | 113,170,900 | 118,179,100 | 104,650,700 | 109,305,300 |
| Operating Expenses | 14,964,000 | 15,391,400 | 15,612,300 | 15,393,500 | 15,628,900 |
| Grants, Loans or Benefits | 130,756,200 | 177,295,600 | 197,723,500 | 144,685,900 | 147,987,900 |
| Capital Outlay | 1,480,800 | 1,465,400 | 1,433,400 | 1,355,500 | 1,344,100 |
| TOTAL EXPENDITURES | 250,132,800 | 307,323,300 | 332,948,300 | 266,085,600 | 274,266,200 |
| EXPENDITURES BY UNIT | | | | | |
| Community Alcohol and Drug Services | 25,456,200 | 35,939,100 | 38,933,400 | 26,142,400 | 25,279,600 |
| Community Mental Health Services | 29,925,100 | 49,707,100 | 57,763,000 | 33,882,300 | 34,109,400 |
| Community Mental Retardation Services | 25,840,700 | 33,585,400 | 38,868,900 | 28,189,800 | 30,570,700 |
| General MH/MR Support | 28,571,900 | 28,332,600 | 30,931,900 | 26,039,300 | 26,117,100 |
| Residential MH/MR Services | 140,338,900 | 159,759,100 | 166,451,100 | 151,831,800 | 158,189,400 |
| TOTAL EXPENDITURES | 250,132,800 | 307,323,300 | 332,948,300 | 266,085,600 | 274,266,200 |

The Department is the primary state agency for operating Mental Health, Mental Retardation, Substance Abuse, and Developmental Disabilities Programs. Services are provided both in the community and directly in state-owned and/or operated facilities. Over 2,000 inpatients are cared for daily in the facilities and several thousand more are treated as outpatients by 14 Community Mental Health/Mental Retardation Boards on a daily basis.

DEPARTMENT FOR MENTAL HEALTH/MENTAL RETARDATION

| Facility | County | Beds |
|---|---------------|-------------|
| Correctional Psychiatric Facility | | |
| Kentucky Correctional Psychiatric Facility | Oldham | 100 |
| Homes for the Mentally Retarded | | |
| Shelbyville Group Home | Shelby | 8 |
| Inez Group Home | Martin | 8 |
| Murray Group Home | Calloway | 8 |
| Frankfort Group Home | Franklin | 8 |
| Mentally Retarded Facilities | | |
| Oakwood Intermediate Care Facility/MR | Pulaski | 420 |
| Hazelwood Intermediate Care Facility/MR | Jefferson | 196 |
| Outwood Intermediate Care Facility/MR | Christian | 80 |
| Central Intermediate Care Facility/MR | Jefferson | 50 |
| Nursing Homes for the Mentally Retarded | | |
| Del Maria Intermediate Care Facility/MR-DD | Jefferson | 8 |
| Windsong Intermediate Care Facility | Oldham | 8 |
| Meadows Intermediate Care Facility/MR-DD | Bullitt | 8 |
| Nursing Facility for the Mentally III | | |
| Western State Psychiatric Nursing Facility | Christian | 144 |
| Glasgow Psychiatric Nursing Facility | Barren | 100 |
| Personal Care Homes for the Mentally III | | |
| Bluegrass Personal Care Home | Fayette | 40 |
| Caney Creek Rehabilitation Center | Knott | 80 |
| Center for Rehabilitation and Recovery | Jefferson | 38 |
| Psychiatric Hospitals | | |
| Western State Hospital Psychiatric Facility | Christian | 250 |
| Eastern State Hospital Psychiatric Facility | Fayette | 150 |
| Central State Hospital Psychiatric Facility | Jefferson | 192 |
| Appalachian Psychiatric Center | Perry | 100 |
| Substance Abuse Facility | | |
| Volta House | Christian | 30 |
| TOTAL BEDS - 2,026 | | |

HEALTH SERVICES
Mental Health/Mental Retardation
Community Alcohol and Drug Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 5,923,200 | 16,705,300 | 20,975,200 | 6,908,600 | 7,321,400 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 875,300 | 700,000 | | 700,000 | 3,000 |
| Current Receipts | 544,000 | 533,200 | 590,500 | 533,200 | 590,500 |
| Non-Revenue Receipts | 2,266,500 | 1,882,600 | 2,505,000 | 1,885,600 | 2,505,000 |
| Total Restricted Agency Funds | <u>3,685,800</u> | <u>3,115,800</u> | <u>3,095,500</u> | <u>3,118,800</u> | <u>3,098,500</u> |
| Federal Funds | | | | | |
| Balance Forward | 89,000 | | | | |
| Current Receipts | 17,024,400 | 16,577,000 | 15,321,700 | 16,577,000 | 15,321,700 |
| Revenue Redistribution | -566,200 | -459,000 | -459,000 | -459,000 | -459,000 |
| Total Federal Funds | <u>16,547,200</u> | <u>16,118,000</u> | <u>14,862,700</u> | <u>16,118,000</u> | <u>14,862,700</u> |
| TOTAL FUNDS | <u>26,156,200</u> | <u>35,939,100</u> | <u>38,933,400</u> | <u>26,145,400</u> | <u>25,282,600</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 1,024,100 | 1,264,100 | 1,314,600 | 1,246,600 | 1,296,300 |
| Operating Expenses | 145,100 | 150,300 | 150,300 | 139,900 | 143,600 |
| Grants, Loans or Benefits | 24,248,200 | 34,499,700 | 37,443,500 | 24,755,900 | 23,819,700 |
| Capital Outlay | 38,800 | 25,000 | 25,000 | | 20,000 |
| TOTAL EXPENDITURES | <u>25,456,200</u> | <u>35,939,100</u> | <u>38,933,400</u> | <u>26,142,400</u> | <u>25,279,600</u> |

Community Alcohol and Drug Services supports the provision of high quality treatment, prevention, early identification, and education services to citizens suffering from or who are at-risk of alcohol and drug abuse. Approximately 30,000 persons receive services through this program. Services are provided primarily through contracts with seventeen Regional Prevention Centers.

Client services provided include nonmedical detoxification, Driving Under the Influence (DUI) assessment and education, residential rehabilitation, outpatient clinic, residential transitional care, case and program consultation, community education and training related prevention services, and direct prevention programming in school settings. Clients are referred primarily from criminal justice, social welfare, and health care systems. Treatment services focus on chemically dependent persons in need of detoxification, residential or outpatient programs. Clients targeted for substance abuse services include: pregnant women, youth, intravenous drug users, persons referred by court or probation and parole officers, and individuals with mental illness who are experiencing substance abuse problems. The state agency provides services including planning, implementation, program development, consultation in schools, training, and monitoring of the performance of contract agencies.

Policy

The enacted budget provides \$286,300 in fiscal year 1997 and \$576,100 in fiscal year 1998 in continuation funding for Project Link and PRIDE programs. These two community-based treatment and case-management programs target pregnant women who are abusing alcohol and other drugs.

Project Link targets pregnant women who are identified by assessment and screening programs operating through the Louisville-Jefferson County Health Department's prenatal care clinic for treatment services. The PRIDE program operates jointly between the Bluegrass Mental Health and Mental Retardation Board and the University of Kentucky Medical Center's prenatal care program.

The medical cost of delivery and neonatal care for a drug affected infant is approximately \$40,000 per baby. The cost of providing prenatal care, chemical dependency treatment, and case management support for a drug addicted pregnant woman to deliver a drug free infant is less than \$3,000. The savings to the Commonwealth through the two targeted treatment programs is approximately \$37,000 per child born drug free. These programs were scheduled to be phased out during the biennium due to the expiration of the federal grants that "seeded" the programs.

HEALTH SERVICES
Mental Health/Mental Retardation
Community Mental Health Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 21,909,400 | 43,451,600 | 51,545,000 | 27,626,800 | 27,891,400 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 3,133,400 | 1,398,500 | 1,398,500 | 1,398,500 | 1,398,500 |
| Current Receipts | 453,500 | 481,800 | 481,800 | 481,800 | 481,800 |
| Non-Revenue Receipts | 190,400 | | | | |
| Total Restricted Agency Funds | 3,777,300 | 1,880,300 | 1,880,300 | 1,880,300 | 1,880,300 |
| Federal Funds | | | | | |
| Balance Forward | -2,400 | | | | |
| Current Receipts | 4,558,700 | 4,693,100 | 4,655,600 | 4,693,100 | 4,655,600 |
| Non-Revenue Receipts | 977,600 | 977,600 | 977,600 | 977,600 | 977,600 |
| Revenue Redistribution | 103,000 | 103,000 | 103,000 | 103,000 | 103,000 |
| Total Federal Funds | 5,636,900 | 5,773,700 | 5,736,200 | 5,773,700 | 5,736,200 |
| TOTAL FUNDS | 31,323,600 | 51,105,600 | 59,161,500 | 35,280,800 | 35,507,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 1,054,700 | 1,129,000 | 1,183,600 | 1,059,400 | 1,110,500 |
| Operating Expenses | 188,900 | 235,800 | 235,800 | 254,200 | 259,100 |
| Grants, Loans or Benefits | 28,646,500 | 48,307,300 | 56,308,600 | 32,567,300 | 32,738,400 |
| Capital Outlay | 35,000 | 35,000 | 35,000 | 1,400 | 1,400 |
| TOTAL EXPENDITURES | 29,925,100 | 49,707,100 | 57,763,000 | 33,882,300 | 34,109,400 |

Community Mental Health serves the mentally ill through contracts with the 14 Regional Mental Health/Mental Retardation Boards. The Community Comprehensive Care Centers assure that Kentuckians with mental health problems have an array of services available that will support and improve their ability to function in their home communities. The priority groups within the population to be served are: 1) persons with chronic illness; 2) emotionally disturbed children; 3) victims and perpetrators of sexual abuse or domestic violence. Within the Community Mental Health Program, the Severely Emotionally Disabled Children's Subprogram seeks to build a more complete array of specialized community services for children. The interagency structure includes interagency treatment planning teams, case management services and funds to purchase services or goods unavailable from other sources, but required to meet children's special needs.

Policy

The enacted budget includes additional General Funds in the amount of \$1,394,200 in fiscal year 1997 and \$1,463,900 in fiscal year 1998 to provide continuation funding for four crisis stabilization units that are being established in fiscal year 1996. When the involuntary commitment statute was amended to prohibit the use of jails for persons in psychiatric crisis, a section was added to mandate the creation of regional crisis stabilization units as funds became available. These units are designed to reduce the need for hospitalization and are being funded with non-recurring funds in fiscal year 1996.

Additional General Funds in the amount of \$1,501,600 in fiscal year 1997 and \$1,576,700 in fiscal year 1998 are provided to cover a projected deficit in the state-owned personal care homes caused by the anticipated loss of Supplemental Security Income funds from the residents in those facilities. The Social Security Administration has advised the Department that the status of these facilities (Bluegrass Personal Care Home, Lexington; Center for Rehabilitation and Recovery, Louisville; and Caney Creek Rehabilitation Center, Pippa Passes) should be changed from private to public. This will result in the termination of Supplemental Security Income support.

The enacted budget also includes \$525,000 in fiscal year 1997 and \$551,300 in fiscal year 1998 to continue funding the Jail Diversion Program. This program, mandated under state law, provides evaluations, transportation, and hospitalization services to adults with severe mental illness who are experiencing a psychiatric crisis. In fiscal year 1995 and fiscal year 1996 non-recurring agency funds were used to meet the unanticipated demand for these services above budgeted dollars.

Additional General fund dollars in the amount of \$500,000 are provided in each fiscal year of the biennium to expand the supported living program. The Program provides individuals with disabilities the services they require to live as independently as possible in their own homes and to participate in community life to the fullest extent possible.

HEALTH SERVICES
Mental Health/Mental Retardation
Community Mental Retardation Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 17,901,900 | 28,265,400 | 33,548,900 | 22,869,800 | 25,250,700 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 3,559,900 | 121,400 | 121,400 | 121,400 | 121,400 |
| Current Receipts | | 20,000 | 20,000 | 20,000 | 20,000 |
| Total Restricted Agency Funds | 3,559,900 | 141,400 | 141,400 | 141,400 | 141,400 |
| Federal Funds | | | | | |
| Balance Forward | 999,300 | | | | |
| Current Receipts | 3,046,800 | 5,341,200 | 5,343,300 | 5,341,200 | 5,343,300 |
| Non-Revenue Receipts | 493,700 | | | | |
| Revenue Redistribution | -39,500 | -41,200 | -43,300 | -41,200 | -43,300 |
| Total Federal Funds | 4,500,300 | 5,300,000 | 5,300,000 | 5,300,000 | 5,300,000 |
| TOTAL FUNDS | 25,962,100 | 33,706,800 | 38,990,300 | 28,311,200 | 30,692,100 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 2,130,900 | 2,028,700 | 2,099,100 | 1,807,600 | 1,884,300 |
| Operating Expenses | 192,700 | 255,500 | 256,800 | 255,500 | 256,800 |
| Grants, Loans or Benefits | 23,482,100 | 31,266,200 | 36,478,000 | 26,122,300 | 28,425,100 |
| Capital Outlay | 35,000 | 35,000 | 35,000 | 4,400 | 4,500 |
| TOTAL EXPENDITURES | 25,840,700 | 33,585,400 | 38,868,900 | 28,189,800 | 30,570,700 |

Community Mental Retardation Services provides care and supervision for disabled persons who can no longer be cared for by their families and are unable to live independently. By providing a community residence supervised by trained providers, persons with mental retardation can live in a safe, less restrictive and homelike setting. Services provided via contracts with community mental health/mental retardation boards, state universities, and for-profit and non-profit agencies include residential, vocational, educational and support for the developmentally disabled. Residential services include group homes, supervised apartment living, staffed residences and other alternative living arrangements. Vocational services are provided to persons age 18 and over and include assessment, work/adult habilitation and supported employment. Educational services are provided to children ages 5 years and under and include early intervention, infant stimulation, preschool and other developmental services. Support services are provided to persons of all ages and include respite care, case management, leisure/recreation, habilitation, in-home support and training.

Developmental Disabilities Planning, another program component, designs and advocates for services and rights for people with developmental disabilities. These services are managed by the Developmental Disabilities (DD) Council, a group of consumers, parents and state and non-profit service providers appointed by the Governor.

Policy

The enacted budget includes \$1,500,000 in fiscal year 1997 and \$1,575,000 in fiscal year 1998 to continue Pre-Admission Screening Annual Resident Review (PASARR). This program provides specialized services to individuals with mental retardation who reside in nursing homes. These persons who were identified through the federally-mandated PASARR process. They continue to need nursing home care, but require additional specialized services related to their mental retardation. The provision of these specialized services is required through the federal PASARR legislation and have been funded during fiscal year 1996 with non-recurring agency dollars.

Additional funds in the amount of \$1,300,000 in fiscal year 1997 and \$1,700,000 in fiscal year 1998 are provided to continue mobile crisis teams and emergency respite and support services. Four teams are being developed and implemented across the Commonwealth to respond to the emergency needs of individuals with mental retardation, as well as for those with mental health and substance abuse problems. The goal of this program is to increase the ability of local communities to identify and provide the services required to avoid the unnecessary and the inappropriate hospitalization of individuals who are in a crisis situation. For developmentally disabled persons, the programs also seek to prevent crisis situations by identifying individuals who are at-risk of being placed out of their homes or into residential programs due to aging or ill parents/family, behavior problems, or other threats to their environment. These programs have been phased-in with non-recurring agency dollars over the current biennium.

The appropriation includes General Fund dollars in the amount of \$498,000 in fiscal year 1997 and \$680,000 in fiscal year 1998 to replace non-recurring agency fund dollars underwriting 40 AIS/MR slots. It also includes \$60,000 in fiscal year 1997 and \$65,000 in fiscal year 1998 to continue partial support of operational costs for the Day Springs Group Homes in Louisville. These group homes provide residential services for mentally retarded persons.

Additional General funds are appropriated in the amount of \$155,000 in fiscal year 1997 and \$170,000 in fiscal year 1998 to provide maintenance and furniture for the Inez and Shelbyville group homes and for staff training in contract group homes.

HEALTH SERVICES
Mental Health/Mental Retardation
General Mental Health/Mental Retardation Support

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 25,656,900 | 28,332,600 | 30,931,900 | 26,039,300 | 26,117,100 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 3,445,300 | 530,300 | 530,300 | 530,300 | 530,300 |
| TOTAL FUNDS | <u>29,102,200</u> | <u>28,862,900</u> | <u>31,462,200</u> | <u>26,569,600</u> | <u>26,647,400</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 3,611,800 | 1,796,000 | 1,888,600 | 1,511,300 | 1,582,700 |
| Operating Expenses | 740,800 | 540,300 | 540,300 | 534,400 | 540,300 |
| Grants, Loans or Benefits | 23,974,300 | 25,956,300 | 28,463,000 | 23,974,300 | 23,974,300 |
| Capital Outlay | 245,000 | 40,000 | 40,000 | 19,300 | 19,800 |
| TOTAL EXPENDITURES | <u>28,571,900</u> | <u>28,332,600</u> | <u>30,931,900</u> | <u>26,039,300</u> | <u>26,117,100</u> |

General Mental Health/Mental Retardation Support provides centralized administrative and financial management to the Department. It includes the Commissioner's Office, the Division for Administration and Financial Management and grants to the Community Mental Health/Mental Retardation Centers. This administrative unit supports activities relating to policy development, program monitoring, standards development and overall management direction to the other programs in the Department.

HEALTH SERVICES
Mental Health/Mental Retardation
Residential Mental Health/Mental Retardation Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 60,733,900 | 88,010,300 | 92,849,500 | 30,083,000 | 33,587,800 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 2,580,500 | | | | |
| Current Receipts | 76,496,000 | 71,195,400 | 73,048,200 | 71,195,400 | 73,048,200 |
| Non-Revenue Receipts | | | | 50,000,000 | 51,000,000 |
| Total Restricted Agency Funds | <u>79,076,500</u> | <u>71,195,400</u> | <u>73,048,200</u> | <u>121,195,400</u> | <u>124,048,200</u> |
| Federal Funds | | | | | |
| Balance Forward | 7,700 | | | | |
| Current Receipts | 520,800 | 553,400 | 553,400 | 553,400 | 553,400 |
| Total Federal Funds | <u>528,500</u> | <u>553,400</u> | <u>553,400</u> | <u>553,400</u> | <u>553,400</u> |
| TOTAL FUNDS | <u>140,338,900</u> | <u>159,759,100</u> | <u>166,451,100</u> | <u>151,831,800</u> | <u>158,189,400</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 95,110,300 | 106,953,100 | 111,693,200 | 99,025,800 | 103,431,500 |
| Operating Expenses | 13,696,500 | 14,209,500 | 14,429,100 | 14,209,500 | 14,429,100 |
| Grants, Loans or Benefits | 30,405,100 | 37,266,100 | 39,030,400 | 37,266,100 | 39,030,400 |
| Capital Outlay | 1,127,000 | 1,330,400 | 1,298,400 | 1,330,400 | 1,298,400 |
| TOTAL EXPENDITURES | <u>140,338,900</u> | <u>159,759,100</u> | <u>166,451,100</u> | <u>151,831,800</u> | <u>158,189,400</u> |

Residential Mental Health/ Mental Retardation Services provides inpatient psychiatric services for adults 18 and older through three psychiatric hospitals: Eastern State Hospital in Lexington (150 beds); Central State Hospital in Louisville (192 beds which include 34 beds in the Grauman Secure Psychiatric Unit); and Western State Hospital in Hopkinsville (250 beds). The Hazard Psychiatric Facility (100 beds) provides acute inpatient psychiatric services through a contract with the Department. Eastern State Hospital is operated under a management with Bluegrass Regional Mental Health/Mental Retardation Board, Inc.

Two facilities, Glasgow Intermediate Care Facility (100 beds) and Western State Intermediate Care Facility on the campus of Western State Hospital (144 beds), provide intermediate care services for mentally ill patients age 18 and over who are admitted from state psychiatric hospitals.

Seven facilities provide institutional care for the mentally retarded who are unable to live in the community: Oakwood Training Facility in Somerset (420 beds); Outwood Training Facility in Dawson Springs (80 beds); Hazelwood Training Facility in Louisville (196 beds); Central State Intermediate Care Facility for the Mentally Retarded on the campus of Central State Hospital (50 beds); Del Maria Intermediate Care Facility for the Mentally Retarded in Fern Creek (8 beds); Meadows Intermediate Care Facility for the Mentally Retarded in Mount Washington (8 beds); and Windsong Intermediate Care Facility in Crestwood (8 beds). The last three facilities are scheduled to open in fiscal year 1996. Residents are assisted in self-care skills, appropriate social behavior and are provided an array of specialized services designed to promote the personal growth of the individual.

Volta House, a 30-bed facility on the campus of Western State Hospital in Hopkinsville, provides a 28-day inpatient program for individuals suffering from chronic or acute alcoholism.

Forensic psychiatric services are provided at the Kentucky Correctional Center within the Luther Lockett Correctional Complex in LaGrange (100 beds). Pretrial services are provided for persons with felony charges who are referred by District and Circuit Courts for evaluation of competency to stand trial. The correctional component serves persons in need of acute inpatient psychiatric treatment who are transferred from various institutions within the Department of Corrections.

Policy

The enacted budget supports indigent care costs associated with the three state mental hospitals with agency fund dollars provided through the Medicaid Disproportionate Share Hospital Program. The request assumed that these services would be funded with General Fund dollars.

NOTE: Due to the availability of Disproportionate Share Hospital projected dollars, the enacted appropriation for Residential Services for the 1995-96 fiscal year has been determined to be in excess of program requirements by \$24 million. These funds will be transferred to the Medicaid Benefits budget where they will be used to underwrite costs associated with the transition to managed care.

HEALTH SERVICES
Health Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|---|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 52,598,500 | 62,175,000 | 64,737,800 | 51,397,700 | 51,577,900 |
| Continuing Appropriation | 1,800,000 | | | | |
| Total General Fund | <u>54,398,500</u> | <u>62,175,000</u> | <u>64,737,800</u> | <u>51,397,700</u> | <u>51,577,900</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 1,824,600 | 530,100 | 530,100 | 530,100 | 530,100 |
| Current Receipts | 10,047,300 | 12,600,800 | 12,719,000 | 11,390,700 | 12,565,800 |
| Non-Revenue Receipts | 332,300 | | | | |
| Total Restricted Agency Funds | <u>12,204,200</u> | <u>13,130,900</u> | <u>13,249,100</u> | <u>11,920,800</u> | <u>13,095,900</u> |
| Federal Funds | | | | | |
| Balance Forward | 954,800 | | | | |
| Current Receipts | 135,160,500 | 138,111,900 | 141,590,600 | 137,947,200 | 140,670,500 |
| Revenue Redistribution | 2,501,900 | 2,894,200 | 3,099,100 | 2,894,200 | 3,099,100 |
| Total Federal Funds | <u>138,617,200</u> | <u>141,006,100</u> | <u>144,689,700</u> | <u>140,841,400</u> | <u>143,769,600</u> |
| TOTAL FUNDS | <u>205,219,900</u> | <u>216,312,000</u> | <u>222,676,600</u> | <u>204,159,900</u> | <u>208,443,400</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 48,743,700 | 50,175,200 | 52,492,500 | 48,250,800 | 49,695,600 |
| Operating Expenses | 10,828,500 | 11,871,200 | 11,988,500 | 10,052,700 | 10,166,000 |
| Grants, Loans or Benefits | 144,582,900 | 153,434,200 | 157,389,200 | 144,951,400 | 147,696,700 |
| Capital Outlay | 534,700 | 301,300 | 276,300 | 374,900 | 355,000 |
| TOTAL EXPENDITURES | <u>204,689,800</u> | <u>215,781,900</u> | <u>222,146,500</u> | <u>203,629,800</u> | <u>207,913,300</u> |
| EXPENDITURES BY UNIT | | | | | |
| General Health Support | 14,772,300 | 19,465,400 | 20,832,800 | 13,882,100 | 14,216,700 |
| Health Systems Development | 3,984,200 | 4,344,600 | 4,430,400 | 3,859,300 | 3,934,100 |
| Epidemiology and Disease Prevention | 23,527,100 | 23,773,300 | 23,955,300 | 22,477,500 | 22,597,200 |
| Disability Determination | 26,450,800 | 26,531,600 | 27,545,900 | 26,377,900 | 26,636,800 |
| Maternal and Child Health | 111,623,600 | 115,735,600 | 118,455,200 | 113,128,200 | 115,726,500 |
| Laboratory Services | 4,646,100 | 5,093,600 | 5,302,100 | 4,960,900 | 5,121,700 |
| Environmental Health and Community Safety | 6,995,800 | 8,408,900 | 8,661,700 | 6,720,600 | 6,889,500 |
| Inspector General | 12,689,900 | 12,428,900 | 12,963,100 | 12,223,300 | 12,790,800 |
| TOTAL EXPENDITURES | <u>204,689,800</u> | <u>215,781,900</u> | <u>222,146,500</u> | <u>203,629,800</u> | <u>207,913,300</u> |

The Department for Health Services is the single organizational unit responsible for developing and operating all health-related programs that provide services to the citizens of the Commonwealth.

Policy

Pursuant to legislative ratification of Executive Order 95-79, the Office of Inspector General has been placed in the Cabinet for Health Services, Department for Health Services. The Office of Inspector General was previously budgeted in the former Cabinet for Human Resources, Administration and Program Support appropriation unit.

HEALTH SERVICES
Health Services
General Health Support

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 9,175,700 | 14,798,600 | 16,095,600 | 9,215,300 | 9,480,100 |
| Continuing Appropriation | 1,000,000 | | | | |
| Total General Fund | <u>10,175,700</u> | <u>14,798,600</u> | <u>16,095,600</u> | <u>9,215,300</u> | <u>9,480,100</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 573,700 | | | | |
| Current Receipts | 3,305,300 | 3,949,200 | 4,019,600 | 3,949,200 | 4,019,000 |
| Total Restricted Agency Funds | <u>3,879,000</u> | <u>3,949,200</u> | <u>4,019,600</u> | <u>3,949,200</u> | <u>4,019,000</u> |
| Federal Funds | | | | | |
| Balance Forward | 1,600 | | | | |
| Current Receipts | 716,000 | 717,600 | 717,600 | 717,600 | 717,600 |
| Total Federal Funds | <u>717,600</u> | <u>717,600</u> | <u>717,600</u> | <u>717,600</u> | <u>717,600</u> |
| TOTAL FUNDS | <u>14,772,300</u> | <u>19,465,400</u> | <u>20,832,800</u> | <u>13,882,100</u> | <u>14,216,700</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 6,051,300 | 6,243,600 | 6,470,200 | 6,196,900 | 6,421,000 |
| Operating Expenses | 1,019,900 | 1,020,700 | 1,021,500 | 895,600 | 906,600 |
| Grants, Loans or Benefits | 7,701,100 | 12,201,100 | 13,341,100 | 6,701,100 | 6,801,100 |
| Capital Outlay | | | | 88,500 | 88,000 |
| TOTAL EXPENDITURES | <u>14,772,300</u> | <u>19,465,400</u> | <u>20,832,800</u> | <u>13,882,100</u> | <u>14,216,700</u> |
| EXPENDITURES BY UNIT | | | | | |
| State Health Administration | 4,268,300 | 4,847,000 | 5,066,100 | 3,401,700 | 3,587,800 |
| Local Health Administration | 8,791,900 | 12,836,100 | 13,914,000 | 8,698,100 | 8,776,800 |
| Vital Statistics | 1,712,100 | 1,782,300 | 1,852,700 | 1,782,300 | 1,852,100 |
| TOTAL EXPENDITURES | <u>14,772,300</u> | <u>19,465,400</u> | <u>20,832,800</u> | <u>13,882,100</u> | <u>14,216,700</u> |

The General Health Support program provides funding to four organizational units within the Department for Health Services: the Office of the Commissioner, the State Employees' Nurses Stations, the Division of State and Local Health Administration, and Vital Statistics.

State Health Administration supports major activities relating to policy development, program monitoring, budget development and execution, standards development, and management decisionmaking to provide overall direction to the other programs and subprograms of the Department and the organizational units that are funded through the Department's appropriation. The Home Health program, through the local health departments' Home Health Agencies, is administered under this subprogram.

Local Health Administration includes the authorization of state grant funds to the 52 single county and district health departments that serve all 120 counties in Kentucky and 31 local health department accounting systems. The amount of grant funds provided to local health departments is determined by a funding formula that considers population, poverty levels, morbidity rates, local resources and/or manpower available. This program sets standards and policies that govern local health departments through Local Budget and Fiscal Planning, Local Program Support, and the Local Health Merit systems.

Vital Statistics is responsible for collecting, preserving, and protecting certificates for all births, deaths, marriages, and divorces which occur in Kentucky and issue certified copies as requested.

Policy

This appropriation includes agency funds in the amount of \$133,500 and \$135,000 in each year of the biennium to update vital statistics computer services. This includes one full-time employee and computer hardware.

In addition, General Funds in the amount of \$100,000 in fiscal year 1998 are provided for health education and promotion through a wellness program at Prestonsburg Community College.

HEALTH SERVICES
Health Services
Health Systems Development

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 3,235,900 | 3,764,900 | 3,826,600 | 3,279,600 | 3,330,300 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 161,600 | | | | |
| Current Receipts | 329,700 | 387,200 | 408,500 | 387,200 | 408,500 |
| Total Restricted Agency Funds | 491,300 | 387,200 | 408,500 | 387,200 | 408,500 |
| Federal Funds | | | | | |
| Balance Forward | 12,700 | | | | |
| Current Receipts | 244,300 | 192,500 | 195,300 | 192,500 | 195,300 |
| Total Federal Funds | 257,000 | 192,500 | 195,300 | 192,500 | 195,300 |
| TOTAL FUNDS | 3,984,200 | 4,344,600 | 4,430,400 | 3,859,300 | 3,934,100 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 1,634,500 | 1,710,500 | 1,783,700 | 1,634,000 | 1,704,500 |
| Operating Expenses | 219,800 | 268,600 | 272,500 | 186,100 | 187,900 |
| Grants, Loans or Benefits | 2,129,900 | 2,355,500 | 2,369,200 | 2,039,200 | 2,041,700 |
| Capital Outlay | | 10,000 | 5,000 | | |
| TOTAL EXPENDITURES | 3,984,200 | 4,344,600 | 4,430,400 | 3,859,300 | 3,934,100 |
| EXPENDITURES BY UNIT | | | | | |
| Health Systems Information | 390,500 | 406,100 | 421,800 | 419,800 | 436,200 |
| Primary Care | 314,700 | 323,300 | 331,700 | 269,300 | 275,500 |
| Emergency Medical Services | 3,279,000 | 3,615,200 | 3,676,900 | 3,170,200 | 3,222,400 |
| TOTAL EXPENDITURES | 3,984,200 | 4,344,600 | 4,430,400 | 3,859,300 | 3,934,100 |

Health Systems Development provides assistance to local communities and other state agencies in the delivery of emergency medical services, provides health-oriented statistical services, and serves an information coordination and support function for primary health care throughout the Commonwealth.

The Primary Care Branch administers the Federal Primary Care Cooperative Agreement with the Kentucky Primary Care Association and the U. S. Public Health Service whereby the statewide Primary Health Plan is designed and implemented. This Branch carries out recruitment and retention activities in conjunction with the National Health Service Corporation, University of Kentucky and University of Louisville Placement Services, and the Kentucky Primary Care Association. Also, the Branch assists communities across the Commonwealth in assessing and meeting primary care needs.

In conjunction with the Kentucky Primary Care Association, the University of Kentucky Center for Rural Health, the Kentucky Medical Association and the University of Kentucky and University of Louisville Medical Schools, the Branch operates the Community Scholarship Program. Scholarships are provided to students in primary care fields who agree to practice in Health Professional Shortage Areas (HPSA) in the Commonwealth.

The Emergency Medical Services Branch oversees the statewide training, certification, and practice of emergency medical services. Grants are provided to local governments to underwrite the cost of providing ambulance services in their communities. Furthermore, the statewide poison control contract operated by Alliant Health Systems in Louisville is administered under the EMS Branch.

The Health Systems Information Program collects, analyzes, and disseminates information for planning and development of community health systems, working in coordination with the Health Policy Board. The Governor's recommendation assumes that the Department will provide 50 percent of the program's funding, while the Health Policy Board will provide 50 percent of program funding.

HEALTH SERVICES
Health Services
Epidemiology and Disease Prevention

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 12,010,100 | 12,456,300 | 12,561,500 | 11,160,500 | 11,203,400 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 141,100 | | | | |
| Current Receipts | 183,000 | 217,300 | 225,200 | 217,300 | 225,200 |
| Total Restricted Agency Funds | 324,100 | 217,300 | 225,200 | 217,300 | 225,200 |
| Federal Funds | | | | | |
| Balance Forward | 497,000 | | | | |
| Current Receipts | 10,695,900 | 11,099,700 | 11,168,600 | 11,099,700 | 11,168,600 |
| Total Federal Funds | 11,192,900 | 11,099,700 | 11,168,600 | 11,099,700 | 11,168,600 |
| TOTAL FUNDS | 23,527,100 | 23,773,300 | 23,955,300 | 22,477,500 | 22,597,200 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 3,670,000 | 3,762,500 | 3,942,500 | 3,343,200 | 3,479,100 |
| Operating Expenses | 1,745,100 | 1,674,000 | 1,668,000 | 1,319,800 | 1,333,600 |
| Grants, Loans or Benefits | 17,804,800 | 18,286,800 | 18,324,800 | 17,764,500 | 17,764,500 |
| Capital Outlay | 307,200 | 50,000 | 20,000 | 50,000 | 20,000 |
| TOTAL EXPENDITURES | 23,527,100 | 23,773,300 | 23,955,300 | 22,477,500 | 22,597,200 |
| EXPENDITURES BY UNIT | | | | | |
| Communicable Disease | 10,437,800 | 10,221,100 | 10,293,100 | 9,900,400 | 9,922,800 |
| AIDS | 3,796,500 | 3,812,600 | 3,836,100 | 3,723,100 | 3,763,700 |
| Adult Health | 7,536,700 | 7,917,500 | 7,958,800 | 7,266,000 | 7,296,900 |
| Surveillance and Investigations | 1,756,100 | 1,822,100 | 1,867,300 | 1,588,000 | 1,613,800 |
| TOTAL EXPENDITURES | 23,527,100 | 23,773,300 | 23,955,300 | 22,477,500 | 22,597,200 |

Epidemiology and Disease Prevention is responsible for surveillance, investigation, prevention and control of chronic and communicable diseases and health promotion activities across the state. Four inter-related program areas define the activities of the Division: Communicable Disease, AIDS, Adult Health, and Surveillance and Investigation.

The Communicable Disease program is responsible for: Immunizations, Sexually Transmitted Diseases, and Tuberculosis. The Federal Vaccines for Children program is operated for diphtheria, tetanus, polio, measles, mumps, rubella, hepatitis, hemophilia influenza type-B, and pertussis. Basic Sexual Transmitted Diseases (STDs) services are targeted for control of occurrence and transmission of syphilis and gonorrhea. Tuberculosis control programs have been initiated through local health departments for surveillance, treatment, and statewide patient registration.

The HIV/AIDS program provides identification, training, and prevention services through local health departments statewide for at-risk people.

The Adult Health program provides services relating to cancer, diabetes, and cardiovascular disease through the local health departments. Education, screening, and counseling are provided for citizens.

The Surveillance and Investigations Branch is responsible for disease control projects, epidemiologic research, epidemic investigations, emerging infections, disease reviews, surveillance of reportable diseases/conditions, surveillance of farm injuries, and traumatic occupational fatalities. These activities and programs provide an epidemiological basis for disease, injury prevention, and health promotion decisions made by the Department.

HEALTH SERVICES
Health Services
Disability Determinations

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Federal Funds | | | | | |
| Balance Forward | 272,600 | | | | |
| Current Receipts | 26,178,200 | 26,531,600 | 27,545,900 | 26,377,900 | 26,636,800 |
| TOTAL FUNDS | 26,450,800 | 26,531,600 | 27,545,900 | 26,377,900 | 26,636,800 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 15,777,900 | 15,340,800 | 16,112,100 | 15,777,900 | 15,797,100 |
| Operating Expenses | 2,292,000 | 2,998,500 | 3,066,300 | 2,412,600 | 2,476,500 |
| Grants, Loans or Benefits | 8,356,500 | 8,142,300 | 8,307,500 | 8,142,300 | 8,307,500 |
| Capital Outlay | 24,400 | 50,000 | 60,000 | 45,100 | 55,700 |
| TOTAL EXPENDITURES | 26,450,800 | 26,531,600 | 27,545,900 | 26,377,900 | 26,636,800 |

Disability Determinations performs eligibility determinations for the residents of the Commonwealth who apply for Social Security disability and Supplemental Security Income benefits. The program also determines if those beneficiaries selected by the Social Security Administration for review continue to meet eligibility standards. Face to face evidentiary hearings are conducted for those individuals appealing an unfavorable review of their continuing eligibility.

HEALTH SERVICES
Health Services
Maternal and Child Health

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 18,820,000 | 20,663,800 | 20,914,800 | 18,056,400 | 18,186,100 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 154,600 | | | | |
| Current Receipts | 85,000 | 239,600 | 239,600 | 239,600 | 239,600 |
| Total Restricted Agency Funds | 239,600 | 239,600 | 239,600 | 239,600 | 239,600 |
| Federal Funds | | | | | |
| Balance Forward | 164,700 | | | | |
| Current Receipts | 92,399,300 | 94,832,200 | 97,300,800 | 94,832,200 | 97,300,800 |
| Total Federal Funds | 92,564,000 | 94,832,200 | 97,300,800 | 94,832,200 | 97,300,800 |
| TOTAL FUNDS | 111,623,600 | 115,735,600 | 118,455,200 | 113,128,200 | 115,726,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 4,720,800 | 4,879,300 | 5,052,500 | 4,161,700 | 4,298,200 |
| Operating Expenses | 1,640,500 | 1,692,000 | 1,692,500 | 1,292,200 | 1,308,100 |
| Grants, Loans or Benefits | 105,262,300 | 109,164,300 | 111,710,200 | 107,674,300 | 110,120,200 |
| TOTAL EXPENDITURES | 111,623,600 | 115,735,600 | 118,455,200 | 113,128,200 | 115,726,500 |
| EXPENDITURES BY UNIT | | | | | |
| Maternal and Infant | 10,520,300 | 10,565,800 | 10,613,600 | 10,101,900 | 10,135,400 |
| Child Health | 11,454,400 | 11,480,500 | 11,509,600 | 11,159,200 | 11,198,300 |
| Dental Health | 1,009,100 | 1,025,100 | 1,042,100 | 1,110,300 | 1,128,500 |
| Family Planning | 9,786,500 | 11,306,800 | 11,428,100 | 9,663,100 | 9,677,400 |
| Nutrition Services | 78,853,300 | 81,357,400 | 83,861,800 | 81,093,700 | 83,586,900 |
| TOTAL EXPENDITURES | 111,623,600 | 115,735,600 | 118,455,200 | 113,128,200 | 115,726,500 |

Maternal and Child Health provides services to women and children, particularly low-income, for prenatal, maternal, and infant health. Five program levels provide primary and preventive care for women and children: Maternal and Infant Services, Child Health Services, Dental Health Services, Family Planning, and Nutrition Services.

Maternal and Infant Services provides preconception health services to non-pregnant women and prenatal services to eligible low-income pregnant women. Examples of services delivered are: preconceptional screening and counseling, medical examination, nursing and nutrition education, pre-term birth prevention, social services, laboratory services, delivery services, hospitalization, and special home visits.

Child Health Services provides preventive health care for low-income children, school health and preventive services for adolescents, diagnosis and treatment for inherited disorders, chronic illness, developmental delays, and genetic testing. Furthermore, lead poisoning prevention services and childhood injury prevention are major goals of this program.

Dental Health Services provides and supports a preventive dental program against child and adolescent dental decay. Fluoridation of community and rural school water supplies, fluoride mouth rinse provided in schools, fluoride supplements to pre-school children, and dental health instruction are the major components emphasized in this program.

Family Planning Services provides contraception, infertility, and adolescent services to all individuals. Educational and counseling services to teenagers and parents are also provided.

Nutrition Services administers the Women, Infants, and Children (WIC) federal food program. The program is designed to assure the provision of basic food products (such as milk products) to low-income pregnant and postpartum women, infants, and nutritionally at-risk children.

Policy

The enacted budget provides additional General Fund dollars in the amount of \$110,000 in each year of the biennium to expand the mobile dental unit in Western Kentucky.

HEALTH SERVICES
Health Services
Laboratory Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 3,641,600 | 3,979,100 | 4,187,600 | 3,846,400 | 4,007,200 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 132,500 | | | | |
| Current Receipts | 678,100 | 955,500 | 955,500 | 955,500 | 955,500 |
| Total Restricted Agency Funds | 810,600 | 955,500 | 955,500 | 955,500 | 955,500 |
| Federal Funds | | | | | |
| Current Receipts | 193,900 | 159,000 | 159,000 | 159,000 | 159,000 |
| TOTAL FUNDS | 4,646,100 | 5,093,600 | 5,302,100 | 4,960,900 | 5,121,700 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 2,537,600 | 2,676,100 | 2,807,700 | 2,736,800 | 2,870,300 |
| Operating Expenses | 1,903,300 | 2,212,300 | 2,289,200 | 2,018,900 | 2,046,200 |
| Grants, Loans or Benefits | 30,200 | 30,200 | 30,200 | 30,200 | 30,200 |
| Capital Outlay | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 |
| TOTAL EXPENDITURES | 4,646,100 | 5,093,600 | 5,302,100 | 4,960,900 | 5,121,700 |

Laboratory Services performs examinations of clinical and environmental specimens as required to support state programs and local health department programs. This division also sets standards for laboratories in Kentucky and acts as consultant for any laboratory serving a local health department, physician, hospital, coroner, medical examiner, or industrial hygienist within the Commonwealth. Reference testing is provided for hospitals and practicing physicians if it is not available elsewhere.

Policy

The enacted budget provides \$175,000 in fiscal year 1997 and \$175,000 in fiscal year 1998 in General Funds to enable the laboratory to continue funding for a purchasing pool to replace and upgrade laboratory equipment.

HEALTH SERVICES
Health Services
Environmental Health and Community Safety

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|---|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 2,276,700 | 3,073,800 | 3,274,100 | 1,935,300 | 2,065,200 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 530,100 | 530,100 | 530,100 | 530,100 | 530,100 |
| Current Receipts | 3,623,700 | 4,226,200 | 4,299,700 | 3,687,400 | 3,747,400 |
| Total Restricted Agency Funds | 4,153,800 | 4,756,300 | 4,829,800 | 4,217,500 | 4,277,500 |
| Federal Funds | | | | | |
| Balance Forward | 6,100 | | | | |
| Current Receipts | 1,089,300 | 1,108,900 | 1,087,900 | 1,097,900 | 1,076,900 |
| Total Federal Funds | 1,095,400 | 1,108,900 | 1,087,900 | 1,097,900 | 1,076,900 |
| TOTAL FUNDS | 7,525,900 | 8,939,000 | 9,191,800 | 7,250,700 | 7,419,600 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 3,972,000 | 4,631,700 | 4,858,900 | 3,739,000 | 3,899,500 |
| Operating Expenses | 1,133,100 | 1,130,300 | 1,103,700 | 988,900 | 965,600 |
| Grants, Loans or Benefits | 1,874,400 | 2,630,600 | 2,682,800 | 1,976,400 | 2,008,100 |
| Capital Outlay | 16,300 | 16,300 | 16,300 | 16,300 | 16,300 |
| TOTAL EXPENDITURES | 6,995,800 | 8,408,900 | 8,661,700 | 6,720,600 | 6,889,500 |
| EXPENDITURES BY UNIT | | | | | |
| Radiation | 999,900 | 1,719,900 | 1,733,500 | 1,039,800 | 1,034,000 |
| Drug Enforcement and Professional Practices | 1,092,400 | 1,142,400 | 1,191,000 | 984,300 | 1,027,600 |
| Milk | 1,196,200 | 1,257,500 | 1,321,100 | 1,272,200 | 1,327,200 |
| Food | 1,878,500 | 2,378,000 | 2,407,300 | 1,935,300 | 1,961,700 |
| Sanitation | 1,828,800 | 1,911,100 | 2,008,800 | 1,489,000 | 1,539,000 |
| TOTAL EXPENDITURES | 6,995,800 | 8,408,900 | 8,661,700 | 6,720,600 | 6,889,500 |

Environmental Health and Community Safety is responsible for protecting the consumer from injury, disease, and death from unsafe consumer products and certain chemicals. The Radiation Control Branch protects the citizens of the Commonwealth from unnecessary exposure to the harmful effects of radiation. The resources of this subprogram are primarily directed towards licensure, registration, certification, inspection, environmental surveillance, compliance activities, and emergency response. The Drug Enforcement Branch provides investigative services to the Board of Medical Licensure, laboratory services for drug identification, disposal of unused, outdated and unwanted controlled substances; and licensing and monitoring those authorized to manufacture, prescribe, administer, dispense or possess controlled substances. The Milk Safety Branch is responsible for the surveillance of dairy farms, processing plants, milk haulers and distributors to insure compliance with sanitary and quality standards for all milk produced, processed, or offered for sale within the state.

The Food and Sanitation Branch provides technical assistance to local health departments in the inspection of food service establishments, retail stores, vending companies, food manufacturing plants, etc. The Branch also establishes sanitary standards of operation for public facilities. It issues permits for the construction of on-site sewage disposal systems; and trains and certifies on-site sewage disposal systems workers.

HEALTH SERVICES
Inspector General

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 3,438,500 | 3,438,500 | 3,877,600 | 3,904,200 | 3,305,600 |
| Continuing Appropriation | 800,000 | | | | |
| Total General Fund | <u>4,238,500</u> | <u>3,438,500</u> | <u>3,877,600</u> | <u>3,904,200</u> | <u>3,305,600</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 131,000 | | | | |
| Current Receipts | 1,842,500 | 2,625,800 | 2,570,900 | 1,954,500 | 2,970,600 |
| Non-Revenue Receipts | 332,300 | | | | |
| Total Restricted Agency Funds | <u>2,305,800</u> | <u>2,625,800</u> | <u>2,570,900</u> | <u>1,954,500</u> | <u>2,970,600</u> |
| Federal Funds | | | | | |
| Balance Forward | 100 | | | | |
| Current Receipts | 3,643,600 | 3,470,400 | 3,415,500 | 3,470,400 | 3,415,500 |
| Revenue Redistribution | 2,501,900 | 2,894,200 | 3,099,100 | 2,894,200 | 3,099,100 |
| Total Federal Funds | <u>6,145,600</u> | <u>6,364,600</u> | <u>6,514,600</u> | <u>6,364,600</u> | <u>6,514,600</u> |
| TOTAL FUNDS | <u>12,689,900</u> | <u>12,428,900</u> | <u>12,963,100</u> | <u>12,223,300</u> | <u>12,790,800</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 10,379,600 | 10,930,700 | 11,464,900 | 10,661,300 | 11,225,900 |
| Operating Expenses | 874,800 | 874,800 | 874,800 | 938,600 | 941,500 |
| Grants, Loans or Benefits | 1,423,700 | 623,400 | 623,400 | 623,400 | 623,400 |
| Capital Outlay | 11,800 | | | | |
| TOTAL EXPENDITURES | <u>12,689,900</u> | <u>12,428,900</u> | <u>12,963,100</u> | <u>12,223,300</u> | <u>12,790,800</u> |
| EXPENDITURES BY UNIT | | | | | |
| Division of Licensing and Regulation | 7,987,300 | 8,351,600 | 8,716,700 | 8,277,800 | 8,642,000 |
| Division of Audits | 2,379,100 | 2,495,200 | 2,606,500 | 2,086,300 | 2,218,500 |
| Division of Special Investigations | 2,323,500 | 1,582,100 | 1,639,900 | 1,859,200 | 1,930,300 |
| TOTAL EXPENDITURES | <u>12,689,900</u> | <u>12,428,900</u> | <u>12,963,100</u> | <u>12,223,300</u> | <u>12,790,800</u> |

The Office of the Inspector General promotes the effective and efficient delivery of human services by conducting investigations and performing audits of Cabinet providers and programs. It also carries out licensure and regulatory functions pertaining to health and child care facilities operating in Kentucky.

Audits monitors Cabinet service providers to ensure fiscal compliance with state and federal laws and regulations. It also evaluates external audits performed for the Cabinet to determine if such activities are being conducted in concert with Cabinet objectives.

Licensing and Regulation issues health and child care facility licenses and permits; assures compliance with state and federal standards; issues citations, penalties, and ratings pursuant to Kentucky's Nursing Home Reform Act; and provides technical review of applications for facility construction.

Special Investigations carries out surveillance reviews for the purpose of identifying possible client fraud and abuse in the Cabinet's assistance programs. If evidence of fraud is documented, cases are referred to the Office of the Attorney General for prosecution.

Policy

Pursuant to legislative ratification of Executive Order 95-79, the Office of Inspector General has been placed in the Cabinet for Health Services, Department for Health Services. The Office of Inspector General was previously budgeted in the former Cabinet for Human Resources, Administration and Program Support appropriation unit.

Pursuant to the Juvenile Justice Consent Decree, the enacted budget provides General Funds in the amount of \$304,000 in fiscal year 1997 and \$317,900 in fiscal year 1998 for an investigative unit to be created outside of the Department of Social Services. This unit will investigate alleged reports of special incidents at residential facilities for juvenile offenders. Nine positions are funded for this program, eight investigators and one clerical position.

HEALTH SERVICES
Commission for Children with Special Health Care Needs

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|---|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 8,066,400 | 8,909,900 | 9,220,800 | 2,620,600 | 3,971,300 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 3,062,900 | 3,965,900 | 1,790,800 | 4,165,900 | 1,990,800 |
| Current Receipts | 3,965,700 | 7,263,800 | 7,618,700 | 5,838,600 | 4,845,000 |
| Non-Revenue Receipts | -900 | -3,416,000 | -2,773,700 | | |
| Total Restricted Agency Funds | <u>7,027,700</u> | <u>7,813,700</u> | <u>6,635,800</u> | <u>10,004,500</u> | <u>6,835,800</u> |
| Federal Funds | | | | | |
| Balance Forward | 403,400 | | | | |
| Non-Revenue Receipts | 129,000 | 134,500 | 136,100 | 134,500 | 136,100 |
| Revenue Redistribution | 4,415,300 | 4,513,300 | 4,517,400 | 4,513,300 | 4,517,500 |
| Total Federal Funds | <u>4,947,700</u> | <u>4,647,800</u> | <u>4,653,500</u> | <u>4,647,800</u> | <u>4,653,600</u> |
| TOTAL FUNDS | <u>20,041,800</u> | <u>21,371,400</u> | <u>20,510,100</u> | <u>17,272,900</u> | <u>15,460,700</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 4,122,400 | 4,123,900 | 4,311,800 | 3,725,000 | 3,907,800 |
| Operating Expenses | 578,400 | 989,600 | 613,200 | 560,800 | 565,500 |
| Grants, Loans or Benefits | 10,990,400 | 14,032,400 | 14,198,300 | 10,950,700 | 10,950,700 |
| Capital Outlay | 184,700 | 434,700 | 122,700 | 45,600 | 36,700 |
| TOTAL EXPENDITURES | <u>15,875,900</u> | <u>19,580,600</u> | <u>19,246,000</u> | <u>15,282,100</u> | <u>15,460,700</u> |
| EXPENDITURES BY UNIT | | | | | |
| Children with Special Health Care Needs | 13,860,900 | 17,548,100 | 17,199,000 | 13,266,500 | 13,430,400 |
| Hemophilia Program | 1,272,500 | 1,282,800 | 1,293,200 | 1,269,500 | 1,280,100 |
| Disabled Children's Program | 742,500 | 749,700 | 753,800 | 746,100 | 750,200 |
| TOTAL EXPENDITURES | <u>15,875,900</u> | <u>19,580,600</u> | <u>19,246,000</u> | <u>15,282,100</u> | <u>15,460,700</u> |

The Commission for Children with Special Health Care Needs provides particular medical services to needy children whose functions and movements are impaired by accident, disease, or congenital deformity and whose conditions can be corrected or improved.

The Handicapped Children's program provides early identification and treatment services for children and youth under age 21 who have organic diseases, and/or defects or conditions that may hinder normal growth and development. The Commission provides preventive, diagnostic and treatment services, including medical care, hospitalization, surgery, medication, durable medical goods, case management and therapy.

The Disabled Children's program provides services to disabled preschool children who are receiving Supplemental Income benefits. These services include counseling, therapy, and medical supplies. In addition, home therapy training, in-patient hospital care, and genetic counseling services are available for both children and adults who suffer from hemophilia through the Hemophilia program.

HEALTH SERVICES
Health Care Policy Board

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 3,000,000 | 4,845,000 | 5,202,300 | 3,243,600 | 3,415,900 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 143,400 | | | | |
| Current Receipts | 1,452,800 | 485,000 | 235,000 | 335,000 | 185,000 |
| Total Restricted Agency Funds | <u>1,596,200</u> | <u>485,000</u> | <u>235,000</u> | <u>335,000</u> | <u>185,000</u> |
| TOTAL FUNDS | <u>4,596,200</u> | <u>5,330,000</u> | <u>5,437,300</u> | <u>3,578,600</u> | <u>3,600,900</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 3,519,700 | 3,659,100 | 3,746,400 | 2,679,900 | 2,748,100 |
| Operating Expenses | 977,900 | 1,282,900 | 1,202,900 | 800,700 | 805,100 |
| Grants, Loans or Benefits | | 290,000 | 390,000 | | |
| Capital Outlay | 98,600 | 98,000 | 98,000 | 98,000 | 47,700 |
| TOTAL EXPENDITURES | <u>4,596,200</u> | <u>5,330,000</u> | <u>5,437,300</u> | <u>3,578,600</u> | <u>3,600,900</u> |

The Health Care Policy Board was created by House Bill 250, the Health Care Reform Bill. It is an independent agency administratively attached to the Cabinet for Human Resources. The Board's mission is to "... control health care costs, improve quality and efficiency, encourage competition, and develop a system of integrated health care delivery which makes necessary health services available to all residents of the Commonwealth". The Board consists of five members appointed by the Governor and confirmed by the Senate. Among its many duties the Board collects, analyzes, and disseminates health care data; proscribes standardized uniform health claim forms; develops, updates, and recommends parameters for clinical practice; authorizes 24-hour health care coverage; approves or disapproves certificate-of-need applications; certifies or decertifies the Health Care Purchasing Alliance; defines standard benefit plans; promotes integrated delivery networks in rural areas; and designs a minority health services strategic plan.

Policy

The Health Care Policy Board was abolished by Senate Bill 343 which was passed subsequent to the passage of the Appropriations Bill. Language was included in House Bill 379, however, directing the Cabinet to transfer \$1,100,000 in fiscal year 1997 and \$1,200,000 in fiscal year 1998 to the Kentucky Homeplace Program via the Department for Health Services. The remaining dollars are to be used for Health Care Reform activities mandated under Senate Bill 343.

HEALTH SERVICES
Health Purchasing Alliance

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Agency Funds | | | | | |
| Current Receipts | 3,060,400 | 4,878,000 | 4,905,600 | 4,824,900 | 4,866,100 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 2,815,700 | 4,617,800 | 4,654,900 | 4,572,900 | 4,606,600 |
| Operating Expenses | 243,700 | 250,700 | 250,700 | 251,000 | 258,500 |
| Capital Outlay | 1,000 | 9,500 | | 1,000 | 1,000 |
| TOTAL EXPENDITURES | 3,060,400 | 4,878,000 | 4,905,600 | 4,824,900 | 4,866,100 |

The Health Purchasing Alliance was created by House Bill 250, the Health Care Reform Bill. It operates independently from the Health Care Policy Board and is attached to the Cabinet for Health Services for administrative purposes. The Alliance became operational July 15, 1995 and is the only entity permitted to function as a statewide health purchasing alliance. The Alliance has contracted with PlanSource to collect premiums on behalf of participating accountable health plans and perform other administrative services for accountable health plans. An assessment fee of 1.75 percent has been set on annual premiums for health plans offered by the Alliance to cover administrative costs. The Alliance anticipates that this assessment fee will decrease after the first year. Assessment collections will increase significantly in calendar year 1996 when state, county, and school employees join the Alliance.

Policy

The Health Purchasing Alliance was transferred to the Department of Insurance under Senate Bill 343 which was passed subsequent to the Appropriations Bill.

JUSTICE

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|--------------------|----------------------|----------------------|--------------------|--------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 251,366,900 | 304,395,700 | 332,020,000 | 281,864,900 | 310,771,600 |
| Current Year Appropriation | 1,877,200 | | | | |
| Continuing Appropriation | 654,200 | 339,700 | 239,700 | 339,700 | 239,700 |
| Reorganization Adjustment | 1,797,500 | | | | |
| Mandated Allotments | 170,000 | | | | |
| Total General Fund | 255,865,800 | 304,735,400 | 332,259,700 | 282,204,600 | 311,011,300 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 13,506,500 | 9,106,400 | 10,490,100 | 7,842,300 | 6,665,000 |
| Current Receipts | 30,239,200 | 30,995,200 | 32,243,600 | 30,450,900 | 30,691,800 |
| Non-Revenue Receipts | 10,035,400 | 14,163,200 | 15,014,700 | 12,009,900 | 12,875,400 |
| Total Restricted Agency Funds | 53,781,100 | 54,264,800 | 57,748,400 | 50,303,100 | 50,232,200 |
| Federal Funds | | | | | |
| Balance Forward | 514,600 | 593,700 | 397,900 | 736,500 | 507,400 |
| Current Receipts | 13,199,700 | 14,701,300 | 16,141,500 | 14,608,200 | 16,070,200 |
| Non-Revenue Receipts | 3,233,000 | 2,977,100 | 2,977,100 | 2,977,100 | 2,977,100 |
| Revenue Redistribution | -4,375,600 | -5,021,300 | -5,174,700 | -5,021,300 | -5,174,700 |
| Total Federal Funds | 12,571,700 | 13,250,800 | 14,341,800 | 13,300,500 | 14,380,000 |
| Road Fund | | | | | |
| Regular Appropriation | 40,406,800 | 48,878,800 | 48,686,300 | 40,406,800 | 40,406,800 |
| TOTAL FUNDS | 362,625,400 | 421,129,800 | 453,036,200 | 386,215,000 | 416,030,300 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 187,808,200 | 216,594,700 | 230,408,600 | 204,368,300 | 216,703,500 |
| Operating Expenses | 47,167,500 | 45,721,400 | 46,718,100 | 45,119,700 | 46,787,600 |
| Grants, Loans or Benefits | 89,848,100 | 105,748,300 | 117,946,600 | 100,129,400 | 110,138,800 |
| Debt Service | 20,571,300 | 25,344,600 | 32,982,100 | 19,691,600 | 22,802,100 |
| Capital Outlay | 5,598,300 | 12,874,100 | 7,635,300 | 5,774,900 | 8,323,400 |
| Construction | 2,680,400 | 3,719,000 | 4,458,000 | 3,719,000 | 4,458,000 |
| TOTAL EXPENDITURES | 353,673,800 | 410,002,100 | 440,148,700 | 378,802,900 | 409,213,400 |
| EXPENDITURES BY UNIT | | | | | |
| Criminal Justice Training | 19,696,800 | 17,915,700 | 19,608,400 | 20,264,000 | 21,045,400 |
| Kentucky State Police | 94,729,400 | 110,744,100 | 110,953,500 | 102,082,100 | 110,073,400 |
| Justice Administration | 11,261,300 | 13,906,200 | 14,287,100 | 13,236,100 | 14,338,400 |
| Corrections | 227,986,300 | 267,436,100 | 295,299,700 | 243,220,700 | 263,756,200 |
| TOTAL EXPENDITURES | 353,673,800 | 410,002,100 | 440,148,700 | 378,802,900 | 409,213,400 |

The Kentucky Justice Cabinet was created by KRS 15A.010 in 1974. The components of the Cabinet are: Justice Administration, Department of State Police, Department of Criminal Justice Training, and Department of Corrections.

JUSTICE
Criminal Justice Training

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 2,368,800 | 3,603,100 | 5,531,000 | 2,442,100 | 2,003,200 |
| Current Receipts | 19,770,100 | 19,843,600 | 20,871,900 | 19,825,100 | 19,827,900 |
| TOTAL FUNDS | <u>22,138,900</u> | <u>23,446,700</u> | <u>26,402,900</u> | <u>22,267,200</u> | <u>21,831,100</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 2,485,600 | 2,709,300 | 2,841,400 | 2,716,300 | 2,848,400 |
| Operating Expenses | 3,751,100 | 1,137,800 | 1,118,000 | 1,085,200 | 1,112,000 |
| Grants, Loans or Benefits | 12,065,600 | 12,668,900 | 13,302,300 | 15,168,900 | 15,802,300 |
| Debt Service | 1,179,000 | 1,121,600 | 2,164,100 | 1,121,600 | 1,120,100 |
| Capital Outlay | 215,500 | 278,100 | 182,600 | 172,000 | 162,600 |
| TOTAL EXPENDITURES | <u>19,696,800</u> | <u>17,915,700</u> | <u>19,608,400</u> | <u>20,264,000</u> | <u>21,045,400</u> |
| EXPENDITURES BY UNIT | | | | | |
| Commissioner | 200,400 | 210,300 | 219,600 | 209,200 | 219,000 |
| Training | 3,800,100 | 3,965,700 | 4,980,100 | 3,817,100 | 3,917,700 |
| Breathalyzer Testing | 192,900 | 240,900 | 237,700 | 238,900 | 237,700 |
| Administration | 741,500 | 794,600 | 833,400 | 794,600 | 833,400 |
| Kentucky Law Enforcement Program Fund | 14,761,900 | 12,704,200 | 13,337,600 | 15,204,200 | 15,837,600 |
| TOTAL EXPENDITURES | <u>19,696,800</u> | <u>17,915,700</u> | <u>19,608,400</u> | <u>20,264,000</u> | <u>21,045,400</u> |

The Department of Criminal Justice Training is responsible for the training of local law enforcement professionals as provided under Chapters 15, 15A, 64, and 72 of the Kentucky Revised Statutes. Course offerings include basic and specialized training for police officers and dispatchers, sheriffs and deputies, airport and campus security personnel, and coroners. Breath Test certification instruction is provided to all police officers in Kentucky. Students may attend classes at either the Training Center on the Eastern Kentucky University campus or at a variety of regional sites.

Criminal Justice Training is also responsible for the administration of the Kentucky Law Enforcement Program Foundation Fund (KLEPFF) which is supported by insurance premium surcharge proceeds which accrue pursuant to KRS 42.190 and KRS 136.392. The funds are used to provide a pay incentive of \$2,500 distributed by the Department to each qualified law enforcement officer.

Policy

Expansion funding amounting to \$55,000 in fiscal year 1997 and \$57,800 in fiscal year 1998 is provided for two additional trainers to ensure that sufficient training classes are available to an increasing number of local police officers.

In each year of the 1996-98 biennium, \$2,500,000 will be transferred from the KLEPF Fund to the state's General Fund. This transfer is included as an operating transfer in the Grants, Loans, or Benefits expenditure class. Also, at the end of each fiscal year, the Department is allowed to carry forward a maximum of \$2,000,000. Any amount available in excess of the \$2,000,000 will be transferred to the General Fund. In fiscal year 1996, \$2,661,000 was transferred to the General Fund and that was included as an operating transfer in the operating expenses expenditure class.

JUSTICE
State Police

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 40,779,000 | 48,633,500 | 47,949,200 | 48,174,300 | 55,348,600 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 3,281,200 | 1,522,100 | 1,360,000 | 1,429,000 | 946,100 |
| Current Receipts | 4,644,300 | 4,977,400 | 5,110,900 | 4,977,400 | 5,110,900 |
| Non-Revenue Receipts | 326,200 | 326,600 | 338,900 | 326,600 | 338,900 |
| Total Restricted Agency Funds | <u>8,251,700</u> | <u>6,826,100</u> | <u>6,809,800</u> | <u>6,733,000</u> | <u>6,395,900</u> |
| Federal Funds | | | | | |
| Balance Forward | 367,700 | 593,700 | 397,900 | 686,800 | 449,500 |
| Current Receipts | 4,190,500 | 4,720,400 | 5,849,400 | 4,627,300 | 5,778,100 |
| Non-Revenue Receipts | 2,943,800 | 2,943,800 | 2,943,800 | 2,943,800 | 2,943,800 |
| Revenue Redistribution | -94,300 | -94,300 | -94,300 | -94,300 | -94,300 |
| Total Federal Funds | <u>7,407,700</u> | <u>8,163,600</u> | <u>9,096,800</u> | <u>8,163,600</u> | <u>9,077,100</u> |
| Road Fund | | | | | |
| Regular Appropriation | 40,406,800 | 48,878,800 | 48,686,300 | 40,406,800 | 40,406,800 |
| TOTAL FUNDS | <u>96,845,200</u> | <u>112,502,000</u> | <u>112,542,100</u> | <u>103,477,700</u> | <u>111,228,400</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 70,921,200 | 79,690,700 | 83,678,600 | 77,469,600 | 80,947,600 |
| Operating Expenses | 15,779,600 | 15,595,800 | 15,569,700 | 15,262,500 | 15,494,800 |
| Grants, Loans or Benefits | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 |
| Debt Service | 279,000 | 398,000 | 528,000 | 278,000 | 737,000 |
| Capital Outlay | 3,569,200 | 9,840,600 | 5,219,200 | 3,853,000 | 6,936,000 |
| Construction | 2,530,400 | 3,569,000 | 4,308,000 | 3,569,000 | 4,308,000 |
| TOTAL EXPENDITURES | <u>94,729,400</u> | <u>110,744,100</u> | <u>110,953,500</u> | <u>102,082,100</u> | <u>110,073,400</u> |
| EXPENDITURES BY UNIT | | | | | |
| Administration | 6,428,200 | 5,687,200 | 5,847,400 | 5,978,000 | 6,143,200 |
| Services | 26,762,100 | 35,980,100 | 33,042,600 | 30,375,600 | 35,855,500 |
| Operations | 61,539,100 | 69,076,800 | 72,063,500 | 65,728,500 | 68,074,700 |
| TOTAL EXPENDITURES | <u>94,729,400</u> | <u>110,744,100</u> | <u>110,953,500</u> | <u>102,082,100</u> | <u>110,073,400</u> |

The Department of State Police, the Commonwealth's statewide law enforcement agency, has been part of the Justice Cabinet since 1974. Troopers assigned to 16 regional posts are responsible for the enforcement of criminal and traffic laws throughout the state. In addition, the Drug Enforcement and Special Investigation Branch directs investigations of white collar crime, organized crime, racketeering, and drugrelated crime. State Police is also mandated to provide protection to the Governor, Lieutenant Governor, their families and property.

The Department serves as the clearinghouse for all national, state, and local criminal justice and law enforcement information, including Kentucky's automated fingerprint identification files. State Police also provides forensic laboratory services for local law enforcement agencies throughout the state.

Policy

Funding is provided in the 1996-98 budget to maintain the number of police troopers at 1,000 officers. This will equal the highest number of troopers ever authorized by an enacted budget. A total of 500 new vehicles for the biennium are authorized. In fiscal year 1997 \$3,000,000 is provided for approximately 167 cars and \$6,000,000 in fiscal year 1998 for 333 vehicles.

A policy decision was made to not increase Road Fund use by Kentucky State Police above the fiscal year 1996 amount. Road Funds in the amount of \$40,406,800 are provided each year.

Debt service of \$459,000 is provided in fiscal year 1998 for upgrade of the Law Information Network of Kentucky. The capital budget includes bond funding of \$3,150,000 for this project. The bonds will be amortized over ten years.

An additional \$3,900,000 is provided in each year of the biennium to provide a pay increase to all troopers below the rank of Lt. Colonel. Each trooper will receive the same dollar amount increase.

JUSTICE
Justice Administration

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 3,377,200 | 7,509,700 | 7,691,500 | 6,858,300 | 7,762,600 |
| Current Year Appropriation | 33,100 | | | | |
| Reorganization Adjustment | 1,797,500 | | | | |
| Mandated Allotments | 170,000 | | | | |
| Total General Fund | <u>5,377,800</u> | <u>7,509,700</u> | <u>7,691,500</u> | <u>6,858,300</u> | <u>7,762,600</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 2,294,100 | 2,053,700 | 2,602,000 | 2,053,700 | 2,602,000 |
| Current Receipts | 1,732,800 | 1,741,800 | 1,821,800 | 1,741,800 | 1,838,000 |
| Non-Revenue Receipts | 293,100 | 761,500 | 761,500 | 761,500 | 761,500 |
| Total Restricted Agency Funds | <u>4,320,000</u> | <u>4,557,000</u> | <u>5,185,300</u> | <u>4,557,000</u> | <u>5,201,500</u> |
| Federal Funds | | | | | |
| Balance Forward | 33,800 | | | | 18,700 |
| Current Receipts | 7,671,700 | 9,368,500 | 9,679,700 | 9,368,500 | 9,679,700 |
| Non-Revenue Receipts | 226,100 | | | | |
| Revenue Redistribution | -4,281,300 | -4,927,000 | -5,080,400 | -4,927,000 | -5,080,400 |
| Total Federal Funds | <u>3,650,300</u> | <u>4,441,500</u> | <u>4,599,300</u> | <u>4,441,500</u> | <u>4,618,000</u> |
| TOTAL FUNDS | <u>13,348,100</u> | <u>16,508,200</u> | <u>17,476,100</u> | <u>15,856,800</u> | <u>17,582,100</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 4,764,900 | 5,602,800 | 5,857,700 | 5,587,700 | 5,819,900 |
| Operating Expenses | 1,714,200 | 1,660,900 | 1,696,300 | 1,633,100 | 1,664,900 |
| Grants, Loans or Benefits | 4,602,700 | 5,498,000 | 5,633,500 | 5,909,900 | 6,792,900 |
| Debt Service | | 1,023,000 | 1,023,000 | | |
| Capital Outlay | 179,500 | 121,500 | 76,600 | 105,400 | 60,700 |
| TOTAL EXPENDITURES | <u>11,261,300</u> | <u>13,906,200</u> | <u>14,287,100</u> | <u>13,236,100</u> | <u>14,338,400</u> |
| EXPENDITURES BY UNIT | | | | | |
| Secretary | 1,501,100 | 1,668,800 | 1,707,500 | 2,004,400 | 2,793,700 |
| Charitable Gaming | 1,338,400 | 1,234,700 | 1,290,100 | 1,234,700 | 1,290,100 |
| Grants Management | 3,912,100 | 4,646,200 | 4,797,700 | 4,627,500 | 4,777,900 |
| Medical Examiner Services | 1,841,500 | 2,220,300 | 2,227,500 | 2,295,300 | 2,265,300 |
| Parole Board | 870,700 | 1,101,300 | 1,138,200 | 984,700 | 1,018,400 |
| Youth Services | 1,797,500 | 3,034,900 | 3,126,100 | 2,089,500 | 2,193,000 |
| TOTAL EXPENDITURES | <u>11,261,300</u> | <u>13,906,200</u> | <u>14,287,100</u> | <u>13,236,100</u> | <u>14,338,400</u> |

The Office of the Secretary includes the Secretary, Deputy Secretary, General Counsel and Administrative Services for the Justice Cabinet. The Office is responsible for the overall administration of the Cabinet; provision of legal services; development of legislation, regulation, and policy; and coordination of activities within the Cabinet and among Cabinet departments and agencies.

The Division of Grants Management administers federal and state funds to effect changes in the Commonwealth's Criminal Justice System. Grants Management staff develop a statewide plan for each grant award and provide for the disbursement of grant funds. They also monitor and audit awards as well as coordinate reporting functions required under the terms of each grant. Through this Division the Cabinet currently receives funds from the following block grant/formula grant programs: Victims of Crime Act, and the Narcotics Control Assistance Act.

The Medical Examiner program is responsible for providing assistance to the Commonwealth's coroners, deputy coroners, and law enforcement officials in determining the cause and manner of death as well as identification of the deceased.

The Medical Examiner program includes support staff for the physicians, a forensic anthropologist, the chief and deputy medical examiners, regional medical examiners, and contractual services with the Universities of Kentucky and Louisville for facilities, equipment, histology and radiology services, and medicolegal autopsy assistants. Also, regional forensic pathology programs are currently established at the Trover Clinic in Madisonville and at St. Luke's Hospital in Campbell County.

The Division of Charitable Gaming, established by legislation passed during the 1994 Session of the General Assembly, is responsible for regulating charitable gaming throughout the state and ensuring that the statutory provisions are enforced. The Division began functioning in fiscal year 1995 with funding provided by a \$500,000 loan from the General Fund. As fees were collected pursuant to the legislation, the \$500,000 was repaid to the General Fund in fiscal year 1996, and the Division now is solely supported with agency funds.

The Division for Youth Services was created in Justice Administration by Executive Order in fiscal year 1995, and responsibility and funding for operating the Central Kentucky Treatment Center was moved from the Cabinet for Human Resources to Justice Administration. This 50-bed facility was renovated by the Department of Corrections using inmate labor and \$400,000 from the Emergency Repair, Maintenance and Replacement Account, and is now operated by Justice Administration as the state's maximum security facility for male juveniles.

Policy

The Medical Examiner's Office received additional funding as indicated below:

- \$170,000 each year to allow a continuation of current services for staff operating at the Central Laboratory facility.
- \$33,100 in fiscal year 1996, \$294,000 in fiscal year 1997 and \$265,000 in fiscal year 1998 to support the increased costs of forensic services at the University of Louisville, Trover Clinic, St. Luke Hospital, and the Central Laboratory facility.

Funding in the amount of \$40,500 in fiscal year 1997 and \$42,200 in fiscal year 1998 is provided to support a \$5,000 salary increase for Parole Board members.

A grant of \$500,000 each year of the biennium is provided to the Access to Justice Foundation, Inc. to support legal aid service for the poor.

In fiscal year 1998, \$750,000 is available to provide education services for youths in custody.

**JUSTICE
Corrections**

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|---|--------------------|----------------------|----------------------|--------------------|--------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 207,210,700 | 248,252,500 | 276,379,300 | 226,832,300 | 247,660,400 |
| Current Year Appropriation | 1,844,100 | | | | |
| Continuing Appropriation | 654,200 | 339,700 | 239,700 | 339,700 | 239,700 |
| Total General Fund | <u>209,709,000</u> | <u>248,592,200</u> | <u>276,619,000</u> | <u>227,172,000</u> | <u>247,900,100</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 5,562,400 | 1,927,500 | 997,100 | 1,917,500 | 1,113,700 |
| Current Receipts | 4,092,000 | 4,432,400 | 4,439,000 | 3,906,600 | 3,915,000 |
| Non-Revenue Receipts | 9,416,100 | 13,075,100 | 13,914,300 | 10,921,800 | 11,775,000 |
| Total Restricted Agency Funds | <u>19,070,500</u> | <u>19,435,000</u> | <u>19,350,400</u> | <u>16,745,900</u> | <u>16,803,700</u> |
| Federal Funds | | | | | |
| Balance Forward | 113,100 | | | 49,700 | 39,200 |
| Current Receipts | 1,337,500 | 612,400 | 612,400 | 612,400 | 612,400 |
| Non-Revenue Receipts | 63,100 | 33,300 | 33,300 | 33,300 | 33,300 |
| Total Federal Funds | <u>1,513,700</u> | <u>645,700</u> | <u>645,700</u> | <u>695,400</u> | <u>684,900</u> |
| TOTAL FUNDS | <u>230,293,200</u> | <u>268,672,900</u> | <u>296,615,100</u> | <u>244,613,300</u> | <u>265,388,700</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 109,636,500 | 128,591,900 | 138,030,900 | 118,594,700 | 127,087,600 |
| Operating Expenses | 25,922,600 | 27,326,900 | 28,334,100 | 27,138,900 | 28,515,900 |
| Grants, Loans or Benefits | 71,529,800 | 85,931,400 | 97,360,800 | 77,400,600 | 85,893,600 |
| Debt Service | 19,113,300 | 22,802,000 | 29,267,000 | 18,292,000 | 20,945,000 |
| Capital Outlay | 1,634,100 | 2,633,900 | 2,156,900 | 1,644,500 | 1,164,100 |
| Construction | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| TOTAL EXPENDITURES | <u>227,986,300</u> | <u>267,436,100</u> | <u>295,299,700</u> | <u>243,220,700</u> | <u>263,756,200</u> |
| EXPENDITURES BY UNIT | | | | | |
| Corrections Management | 24,794,800 | 29,782,500 | 36,691,000 | 24,831,200 | 28,348,900 |
| Community Services and Local Facilities | 42,911,400 | 49,299,500 | 53,009,300 | 46,385,700 | 49,400,200 |
| Local Jail Support | 14,568,500 | 15,891,900 | 15,891,900 | 14,968,500 | 14,568,500 |
| Adult Institutions | 145,711,600 | 172,462,200 | 189,707,500 | 157,035,300 | 171,438,600 |
| TOTAL EXPENDITURES | <u>227,986,300</u> | <u>267,436,100</u> | <u>295,299,700</u> | <u>243,220,700</u> | <u>263,756,200</u> |

The Department of Corrections is governed by KRS Chapters 196 and 197. The Department is directed by the Commissioner of Corrections. Appropriation units within the Department include Corrections Management, Adult Correctional Institutions, Community Services and Local Facilities, and Local Jail Support.

The continuing inmate population increase, combined with the Department's compliance with the Federal Consent Decree capping the population at two of the state's major institutions, and the Kentucky State Supreme Court ruling mandating the timely removal of state prisoners from local jails, has created a continuing need to accommodate a larger inmate population through community based and institutional based solutions.

The Corrections Department is presently operating in conformance with the Federal Court Consent Decree concerning the Commonwealth's major penal institutions and inmate population. In March 1987, the Kentucky Corrections Department was found to be in substantial compliance with the 1980 Federal Court Consent Decree by the U.S. District Court. However, the Consent Decree will not be fully complied with until the remaining capital construction project at the Kentucky State Reformatory is completed. The Department of Corrections is also operating the Kentucky Correctional Institution for Women in accordance with a court decision resulting from litigation concerning inmates' civil rights.

Based on the latest trends and current criminal laws, sentencing, and parole patterns, the Department of Corrections has estimated that the number of convicted felons under the custody of the Department will increase by approximately 581 in fiscal year 1996, and by 1,075 in fiscal year 1997, and 1,066 in fiscal year 1998. This will bring the number of convicted felons under custody to 13,600 by the end of fiscal year 1997, and to 14,666 by the end of fiscal year 1998.

Policy

The set of alternatives included in the Executive Budget to address the burgeoning inmate population combines the use of community based options, including jails, halfway houses, and diversion centers, and the construction of additional correctional facilities to provide a sufficient number of prison beds.

By the end of fiscal year 1996, the Department of Corrections will have the capacity to house 12,525 felons, either in institutions or in community based beds. The budget for the 1996-98 biennium includes the necessary capital and operating funds to increase bed capacity by approximately 2,141 by the end of the 1996-98 biennium.

Specific additions to address prison population needs are:

- Arranging to use 437 additional beds in local jails in fiscal year 1997 at a cost of \$22.66 per bed per day for a total cost of \$4,343,900. In fiscal year 1998, 399 additional jail beds will be phased in. Costs to maintain the new 1997 beds and phase in the 1998 beds will be \$4,986,600.
- Expanding the use of existing private prisons by 242 beds in fiscal year 1997 and 161 in fiscal year 1998. Additional cost for this will be \$1,057,800 in fiscal year 1997 and \$3,940,600 in fiscal year 1998.
- Opening a new 40 bed segregation unit at Kentucky Correctional Institution for Women at a cost of \$617,800 in fiscal year 1997 and \$795,100 in fiscal year 1998. Thirty (30) of these beds are considered new for population expansion purposes.
- Increasing double bunking at Eastern Kentucky, Green River, and Western Kentucky Correctional Complexes. This will add 192 beds in the current fiscal year and 104 more in fiscal year 1997 at a cost of \$2,124,000 in fiscal year 1997 and \$2,626,300 in fiscal year 1998.
- Building a new dorm at Northpoint Training Center using maintenance pool funds and inmate labor. This unit will house 180 inmates and operating costs will be \$1,265,000 in fiscal year 1997 and \$1,281,700 in fiscal year 1998.
- Constructing a \$7,960,000, 314-bed dorm at Green River Correctional Complex. Operating costs will be \$2,998,400 in fiscal year 1998.
- Increasing double bunking at Kentucky Correctional Institution for Women by 72 in fiscal year 1997 and an additional 91 in fiscal year 1998. Costs associated with this effort will be \$568,200 in fiscal year 1997 and \$1,088,800 in fiscal year 1998.
- Building a new dorm at Western Kentucky Correctional Complex using maintenance pool funds and inmate labor. This unit will house 100 inmates and operating costs will be \$200,500 in fiscal year 1997 and \$713,800 in fiscal year 1998.

A considerable amount of this growth is in the inmate population requiring medium security facilities. All efforts are being taken to maximize the use of existing medium security institutions to address the projected increase.

JUSTICE
Corrections
Corrections Management

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 24,629,000 | 29,781,500 | 36,690,000 | 24,830,200 | 28,347,900 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 109,700 | 400 | 400 | 400 | 400 |
| Current Receipts | 500 | 1,000 | 1,000 | 1,000 | 1,000 |
| Total Restricted Agency Funds | 110,200 | 1,400 | 1,400 | 1,400 | 1,400 |
| Federal Funds | | | | | |
| Current Receipts | 56,000 | | | | |
| TOTAL FUNDS | 24,795,200 | 29,782,900 | 36,691,400 | 24,831,600 | 28,349,300 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 4,538,300 | 5,771,000 | 6,272,500 | 5,374,400 | 6,025,600 |
| Operating Expenses | 972,900 | 1,085,200 | 1,051,500 | 1,104,800 | 1,278,300 |
| Grants, Loans or Benefits | 1,000 | 75,000 | 100,000 | 60,000 | 100,000 |
| Debt Service | 19,113,300 | 22,802,000 | 29,267,000 | 18,292,000 | 20,945,000 |
| Capital Outlay | 169,300 | 49,300 | | | |
| TOTAL EXPENDITURES | 24,794,800 | 29,782,500 | 36,691,000 | 24,831,200 | 28,348,900 |
| EXPENDITURES BY UNIT | | | | | |
| Commissioner | 1,370,400 | 2,553,600 | 2,805,800 | 1,984,800 | 2,513,000 |
| General Counsel | 706,900 | 738,800 | 772,400 | 726,800 | 765,900 |
| Corrections Training | 1,118,000 | 1,014,000 | 1,048,700 | 1,013,700 | 1,048,400 |
| Administrative Services | 2,486,200 | 2,674,100 | 2,797,100 | 2,813,900 | 3,076,600 |
| Debt Service | 19,113,300 | 22,802,000 | 29,267,000 | 18,292,000 | 20,945,000 |
| TOTAL EXPENDITURES | 24,794,800 | 29,782,500 | 36,691,000 | 24,831,200 | 28,348,900 |

Corrections Management provides the toplevel administration and management functions for the Corrections Department. The Commissioner's Office provides policy direction and oversight for all Corrections functions. The Commission on Corrections and Community Services, which has statutory authority to advise the Department per KRS 439.302-439.306, is administratively attached to the Commissioner's Office. This Office also manages the Department's accreditation process.

The Division of Corrections Training has responsibility for development and implementation of pre-service and in-service training programs for all Department employees. Employees must attend a specified amount of pre-service training prior to independent assignment to a particular job as well as a specified amount of annual in-service training. Additionally, Corrections Training is responsible for training all county jail staff within the Commonwealth. The minimum standards for jails state that county jailers will receive a minimum of 40 hours of annual in-service training, and the jail staff shall receive a minimum of 16 hours of in-service training annually.

The Division of Administrative Services is responsible for planning and policy development for the Department and for the management of personnel, fiscal affairs, and construction projects.

The Office of General Counsel is responsible for providing legal advice and legal representation in all civil law suits involving the Corrections Department employees, institutions and the Board of Claims. In addition, General Counsel has the responsibility for monitoring the Consent Decree for the Kentucky State Penitentiary and the Kentucky State Reformatory, and monitoring the Court Order in regard to the Kentucky Correctional Institution for Women.

Policy

Funds are provided in the amount of \$642,700 in fiscal year 1997 and \$1,128,200 in fiscal year 1998 to hire staff to operate the Breathitt County Juvenile Detention Center, scheduled to open in January, 1997. Also, \$450,000 is provided each year to continue juvenile diversion programs.

Additional debt service of \$2,715,000 is provided for four new capital projects totaling \$27,960,000. These are: a new 150-bed dorm at Kentucky State Reformatory in compliance with the federal Consent Decree; a 314-bed dorm at Green River Correctional Complex; a 150-bed dorm at Roederer Correctional Complex, and a 200-bed boot camp at Roederer Correctional Complex.

JUSTICE
Corrections
Community Services and Local Facilities

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 39,757,800 | 48,998,500 | 52,723,300 | 46,074,200 | 49,114,200 |
| Current Year Appropriation | 1,783,900 | | | | |
| Continuing Appropriation | 214,500 | | | | |
| Total General Fund | 41,756,200 | 48,998,500 | 52,723,300 | 46,074,200 | 49,114,200 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 299,800 | 18,600 | 7,600 | 18,600 | 7,600 |
| Current Receipts | 342,000 | 290,000 | 290,000 | 290,000 | 290,000 |
| Total Restricted Agency Funds | 641,800 | 308,600 | 297,600 | 308,600 | 297,600 |
| Federal Funds | | | | | |
| Balance Forward | 33,700 | | | 10,500 | |
| Current Receipts | 479,000 | | | | |
| Non-Revenue Receipts | 29,800 | | | | |
| Total Federal Funds | 542,500 | | | 10,500 | |
| TOTAL FUNDS | 42,940,500 | 49,307,100 | 53,020,900 | 46,393,300 | 49,411,800 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 19,988,000 | 24,103,600 | 26,180,100 | 21,674,200 | 23,163,100 |
| Operating Expenses | 2,059,900 | 2,162,200 | 2,214,200 | 2,061,700 | 2,100,700 |
| Grants, Loans or Benefits | 20,683,100 | 23,033,700 | 24,615,000 | 22,649,800 | 24,136,400 |
| Capital Outlay | 180,400 | | | | |
| TOTAL EXPENDITURES | 42,911,400 | 49,299,500 | 53,009,300 | 46,385,700 | 49,400,200 |
| EXPENDITURES BY UNIT | | | | | |
| Local Facilities | 25,793,400 | 31,275,900 | 34,064,600 | 29,366,400 | 31,604,000 |
| Probation and Parole | 17,118,000 | 18,023,600 | 18,944,700 | 17,019,300 | 17,796,200 |
| TOTAL EXPENDITURES | 42,911,400 | 49,299,500 | 53,009,300 | 46,385,700 | 49,400,200 |

Community Services and Local Facilities' goal is to provide an effective and efficient system of community based correctional programs to protect the Commonwealth. There are two organizational units: Division of Probation and Parole and the Division for Local Facilities.

KRS 439.370 and 439.480 mandate the activities of the Division of Probation and Parole. Presently, the state is divided into 13 districts, and probation and parole officers provide supervision of approximately 15,500 probationers and parolees, investigate offenders for the courts and parole board, provide rehabilitative services to offenders, and assist in employment and home placement. Services are also provided by this Division to about 2,600 offenders housed in jails and halfway houses during fiscal year 1996, and this is expected to grow to 3,600 by the end of fiscal year 1998. Institutional parole officers serve as liaisons between the institutions and field staff to expedite the release of all residents recommended for parole. The Division of Probation and Parole also operates the Jefferson County Misdemeanant Program under a contractual agreement made in 1986 with the Jefferson County Fiscal Court. This Division contracts to provide a substance abuse program for probationers and parolees throughout the Commonwealth.

The Division for Local Facilities, as mandated by KRS 441.011, 441.013, 441.014, 441.410 and 441.430, is responsible for the implementation of legislation pertaining to jails including: jail inspection, jail standards review and enforcement regulations, technical assistance to local governments, and approval of construction plans. The jails will be compensated at a rate of \$22.66 per day during fiscal year 1997 and \$23.34 in fiscal year 1998. This is a three percent increase per year (1996 rate is \$22.00 per day).

Policy

The following additional funding items are provided for the Division for Local Facilities:

- \$1,783,900 in the current year for phasing in 200 additional jail beds in fiscal year 1996.
- \$4,343,900 for phasing in 437 additional jail beds in fiscal year 1997 and maintaining jail beds that were added in fiscal year 1996.
- \$816,600 for phasing in 112 additional halfway house beds in fiscal year 1997.
- \$4,986,000 in fiscal year 1998 for phasing in 399 additional jail beds and maintaining jail beds that were added in fiscal year 1997.
- \$1,535,000 in fiscal year 1998 for phasing in 86 additional halfway house beds and maintaining halfway house beds that were added in fiscal year 1997.
- A three percent increase per year is provided in the per diem paid to local jails for housing state prisoners.
- \$55,000 in fiscal year 1997 and \$124,500 in fiscal year 1998 for expanding the probation and parole career ladder.
- \$50,000 each year of the biennium for the operations of Dismas House in Owensboro.

JUSTICE
Corrections
Local Jail Support

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|---|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 14,468,500 | 15,791,900 | 15,791,900 | 14,868,500 | 14,468,500 |
| Continuing Appropriation | 439,700 | 339,700 | 239,700 | 339,700 | 239,700 |
| TOTAL FUNDS | 14,908,200 | 16,131,600 | 16,031,600 | 15,208,200 | 14,708,200 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 31,000 | 31,000 | 31,000 | 31,000 | 31,000 |
| Operating Expenses | 428,400 | 428,400 | 428,400 | 428,400 | 428,400 |
| Grants, Loans or Benefits | 14,109,100 | 15,432,500 | 15,432,500 | 14,509,100 | 14,109,100 |
| TOTAL EXPENDITURES | 14,568,500 | 15,891,900 | 15,891,900 | 14,968,500 | 14,568,500 |
| EXPENDITURES BY UNIT | | | | | |
| Local Jail Allotment | 12,917,500 | 12,917,500 | 12,917,500 | 12,917,500 | 12,917,500 |
| Restricted Medical | 888,000 | 888,000 | 888,000 | 888,000 | 888,000 |
| Jailers Allowance | 463,000 | 463,000 | 463,000 | 463,000 | 463,000 |
| Catastrophic Medical | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Restore Jail Allotment | | 1,039,100 | 1,039,100 | 400,000 | |
| Increase Minimum Allotment for Jails | | 284,300 | 284,300 | | |
| TOTAL EXPENDITURES | 14,568,500 | 15,891,900 | 15,891,900 | 14,968,500 | 14,568,500 |

The Local Jail Support program consolidates jail support functions within the Corrections Department.

The Jail Allotment program involves payment of funds to county governments for jail operations. This program provides for the consolidation of this program with the Restricted Medical Payments program.

The Jail Allotment program and the Restricted Medical Payments program are both allocated to counties by a weighted formula which includes factors measuring each county's wealth relative to the state as a whole, each county's age-at-risk (18-34) population, and consideration of the allocation method utilized prior to fiscal year 1985.

The Catastrophic Medical program provides funds for catastrophic type, indigent, emergency medical care for local inmates. This program will provide for expenses above a deductible to protect counties from large expenses beyond their funding and control.

The Jail Expense Allowance program, pursuant to KRS 441.115, provides a \$300 per month expense allowance to jailers who attend annual training sponsored by the Corrections Department. The funds, which serve as an incentive for participation, help defray costs associated with training such as travel and lodging.

Additional funding is provided in the amount of \$400,000 in fiscal year 1997 for renovation of the Casey County Jail.

JUSTICE
Corrections
Adult Correctional Institutions

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|---------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 128,355,400 | 153,680,600 | 171,174,100 | 141,059,400 | 155,729,800 |
| Current Year Appropriation | 60,200 | | | | |
| Total General Fund | <u>128,415,600</u> | <u>153,680,600</u> | <u>171,174,100</u> | <u>141,059,400</u> | <u>155,729,800</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 5,152,900 | 1,908,500 | 989,100 | 1,898,500 | 1,105,700 |
| Current Receipts | 3,749,500 | 4,141,400 | 4,148,000 | 3,615,600 | 3,624,000 |
| Non-Revenue Receipts | 9,416,100 | 13,075,100 | 13,914,300 | 10,921,800 | 11,775,000 |
| Total Restricted Agency Funds | <u>18,318,500</u> | <u>19,125,000</u> | <u>19,051,400</u> | <u>16,435,900</u> | <u>16,504,700</u> |
| Federal Funds | | | | | |
| Balance Forward | 79,400 | | | 39,200 | 39,200 |
| Current Receipts | 802,500 | 612,400 | 612,400 | 612,400 | 612,400 |
| Non-Revenue Receipts | 33,300 | 33,300 | 33,300 | 33,300 | 33,300 |
| Total Federal Funds | <u>915,200</u> | <u>645,700</u> | <u>645,700</u> | <u>684,900</u> | <u>684,900</u> |
| TOTAL FUNDS | <u>147,649,300</u> | <u>173,451,300</u> | <u>190,871,200</u> | <u>158,180,200</u> | <u>172,919,400</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 85,079,200 | 98,686,300 | 105,547,300 | 91,515,100 | 97,867,900 |
| Operating Expenses | 22,461,400 | 23,651,100 | 24,640,000 | 23,544,000 | 24,708,500 |
| Grants, Loans or Benefits | 36,736,600 | 47,390,200 | 57,213,300 | 40,181,700 | 47,548,100 |
| Capital Outlay | 1,284,400 | 2,584,600 | 2,156,900 | 1,644,500 | 1,164,100 |
| Construction | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| TOTAL EXPENDITURES | <u>145,711,600</u> | <u>172,462,200</u> | <u>189,707,500</u> | <u>157,035,300</u> | <u>171,438,600</u> |
| EXPENDITURES BY UNIT | | | | | |
| Northpoint Training Center | 10,547,600 | 12,877,600 | 13,326,000 | 12,064,700 | 12,494,800 |
| Luther Luckett Correctional Complex | 11,179,600 | 12,087,700 | 12,557,000 | 11,488,900 | 11,944,200 |
| Management and Operations | 790,300 | 6,281,900 | 7,329,200 | 2,778,900 | 3,311,500 |
| Kentucky State Penitentiary | 12,473,700 | 13,323,600 | 13,856,300 | 12,953,600 | 13,470,900 |
| Kentucky State Reformatory | 19,536,000 | 20,780,100 | 21,568,000 | 20,232,000 | 20,981,600 |
| Green River Correctional Complex | 7,325,400 | 7,998,000 | 11,295,300 | 7,582,700 | 10,867,400 |
| Roederer Correctional Complex | 6,993,600 | 7,802,800 | 8,103,400 | 7,313,800 | 7,603,700 |
| Eastern Kentucky Correctional Complex | 13,876,900 | 15,326,100 | 15,857,100 | 14,459,000 | 14,982,400 |
| Blackburn Correctional Complex | 4,322,100 | 4,742,700 | 4,904,500 | 4,413,800 | 4,574,800 |
| Bell County Forestry Camp | 1,847,600 | 1,996,500 | 2,061,200 | 1,838,000 | 1,904,600 |

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--|--------------------|----------------------|----------------------|--------------------|--------------------|
| Western Kentucky Correctional Complex | 5,506,000 | 5,963,000 | 6,189,900 | 5,922,500 | 6,660,600 |
| Educational Services | 4,221,300 | 4,706,000 | 4,775,100 | 4,317,900 | 4,530,900 |
| Mental Health Services | 2,291,800 | 6,651,700 | 6,797,200 | 4,291,200 | 4,423,500 |
| Medical Services | 12,163,200 | 14,451,500 | 17,193,300 | 13,717,100 | 16,422,300 |
| Private Prisons | 13,275,500 | 17,153,300 | 23,331,900 | 13,416,500 | 16,305,100 |
| Kentucky Correctional Institute for Women | 5,694,300 | 6,702,800 | 7,101,500 | 6,952,100 | 7,865,500 |
| Farms Management | 1,133,500 | 1,138,800 | 1,143,800 | 1,033,800 | 1,008,800 |
| Correctional Industries | 9,764,300 | 10,305,900 | 10,068,400 | 10,284,300 | 10,042,100 |
| Sex Offender Program | 753,700 | | | | |
| TOTAL EXPENDITURES | 145,711,600 | 172,462,200 | 189,707,500 | 157,035,300 | 171,438,600 |

During the 1980 fiscal year, the Corrections Cabinet entered into a Consent Decree that eliminated prison overcrowding and provided for more humane conditions at the Kentucky State Reformatory and the Kentucky State Penitentiary. The Corrections Cabinet was adjudged in March, 1987, to be in substantial compliance with the stipulations of the Consent Decree despite significant increases in the number of convicted felons during that time period.

In fiscal year 1985, the Corrections Cabinet began complying with a court order in regard to the Kentucky Correctional Institution for Women. The settlement agreed to by the court included a construction plan designed to provide new construction and renovation of the institution's physical plant. The Cabinet, in compliance with the court order, expanded and upgraded the industry and vocational education programs for the inmates at the institution.

In fiscal year 1996, Adult Institutions operates 12 adult correctional institutions and oversees three private prisons with a combined maximum operational capacity of approximately 9,700. By the end of the 1996-98 biennium the operational capacity is planned to reach 11,159. This includes the construction of a 314-bed dorm at Green River Correctional Complex, and construction of dorms at Northpoint Training Center (180 beds) and Western Kentucky Correctional Complex (100 beds) using maintenance pool funds. Four hundred and three (403) beds will be added at existing private prisons and 432 will be realized from double-bunking and adjusting existing institutions, and 30 will result from opening the Kentucky Correctional Institution for Women segregation unit.

The Division of Operations supervises and directs classification of inmates, and program services which include vocational education, academic education, health services, on-the-job training, recreational and religious programs. The Division adopts policies and procedures for these areas and provides general management of the institutions. This division also has oversight of the private institutions in Floyd County, Marion County, and Lee County.

Kentucky State Reformatory is a medium security institution located in Oldham County near LaGrange with a current maximum operational capacity of 1,405. Renovation of Dorm 10 was completed in the first half of fiscal year 1996. This unit serves to house 58 chronically ill inmates. Design funds were approved for the demolition and reconstruction of Unit E in 1994. Design of this facility is in progress and \$8,800,000 for construction is provided in the capital budget. This dorm will serve as the prison system's mental health facility and will house 150 inmates.

Kentucky State Penitentiary is the state's only maximum security institution. It is located in Lyon County near Eddyville and has a current maximum operational capacity of 803. The population of this institution was capped and major renovations were mandated by a Federal Court Consent Decree. The Department is currently in substantial compliance with this Decree as recognized by the Federal Court.

Luther Luckett Correctional Complex is a medium security institution located in Oldham County near LaGrange with a current maximum operational capacity of 1,034. The institution also houses the Kentucky Correctional Psychiatric Center operated by the Cabinet for Health Services. The Center diagnoses and treats Corrections Department inmates with severe emotional or mental problems as well as diagnosing persons accused of serious crimes in cases where there is some question about the mental or emotional stability of the accused.

Kentucky Correctional Institution for Women is located in Shelby County near Pewee Valley. It is the only state prison for women in Kentucky and, as such, incarcerates all classifications of women inmates. The current maximum operational capacity is 465. Construction of a new 40-bed segregation unit is in progress and is expected to be operational in November 1996. Funding of \$617,800 is provided in fiscal year 1997 and \$795,100 in fiscal year 1998 to hire and train additional staff for this facility. One hundred and fifty-three (153) beds will be added to this facility over the biennium through double-bunking, which will raise total capacity to 658.

Eastern Kentucky Correctional Complex is a medium security institution located in Morgan County near West Liberty. Phase II of this facility opened in fiscal year 1992 and the current operational capacity is 1,522. This has been achieved through partial double-bunking of both phases of this facility, and additional double-bunking will increase the capacity to 1,650 by the end of the 1996-98 biennium.

Northpoint Training Center is a medium security institution located on Highway 33, about three miles south of Burgin in Mercer County. Its current maximum operating capacity is 938. A new dorm constructed with maintenance pool funds, utilizing inmate labor is planned at this facility, increasing capacity to 1,118 by the end of fiscal year 1998.

Western Kentucky Correctional Complex is a medium security prison located in Lyon County near Eddyville. This institution was converted from minimum to medium security during the 1988-90 biennium in response to the State Supreme Court ruling mandating timely removal of state prisoners from local jails. The maximum operating capacity is presently 430. This capacity will increase to 614 during the next biennium by constructing a 100-bed dorm with maintenance pool funds using inmate labor, and through greater utilization of existing dorm units.

Green River Correctional Complex, located near Central City in Muhlenberg County, is a medium security institution with a present operational capacity of 525. This is the state's most recently constructed prison, which opened in December 1994. A new 314-bed dorm is planned that, along with double bunking, will increase capacity to 903.

Roederer Correctional Complex is located in Oldham County near LaGrange with a current maximum operational capacity of 657. This includes the System's Assessment and Classification Center which handles 410 inmates. This institution also includes a 50-bed coed Boot Camp. The capital budget includes funding to add a new 150-bed dorm to this facility and construct a new 200-bed Boot Camp to replace the existing unit. These projects will not be completed until the 1998-2000 biennium.

Frankfort Career Development Center houses 180 minimum security prisoners and is located at Frankfort in Franklin County. Institutional programs include community service activities. The inmates are assigned to various jobs in and around public buildings and the State Capitol. The jobs require primarily unskilled personnel and include such assignments as janitorial work, cutting grass and general labor.

The Blackburn Correctional Complex, located near Lexington, is a minimum security institution with diversified programming. This facility was expanded during fiscal year 1993 by an additional 24 beds, bringing its capacity up to 414 beds.

Bell County Forestry Camp is a 200-bed minimum security institution located in Bell County near Pineville. The Camp primarily provides inmate labor to the Division of Forestry for fire fighting and fire brake clearing. Inmates also work for the Department of Parks at Pine Mountain State Park and the Transportation Cabinet by cleaning up along roads in the district.

In fiscal year 1987, the Federal Court mandated that the Corrections Department establish a more comprehensive mental health program within the institutions. The new and expanded mental health programs include: a 62-bed intensive services residential program at Kentucky State Reformatory, a 16-bed evaluation and stabilization unit at Kentucky State Reformatory, and additional mental health staff at Kentucky State Penitentiary. These programs are required to meet the demands of the 1980 Federal Consent Decree. A 140-bed intensive substance abuse treatment program funded with state and federal funds is functioning at Kentucky State Reformatory. Staff have been employed in each probation and parole district to provide assessments and coordinate treatment resources for substance abuse clients. The new Division of Mental Health oversees and directs these programs and the existing mental health programs within the institutions, including the Sex Offender Treatment Program. The Sex Offender Treatment Program has institutional sites at Kentucky State Reformatory, Luther Lockett Correctional Complex, Kentucky State Penitentiary, Kentucky Correctional Institution for Women and Western Kentucky Correctional Complex. The program is also offered in three urban areas.

KRS 197.210 provides the authority for Correctional Industries to offer inmate produced goods to state agencies, city and county governments, and the general public. Currently, Kentucky has industry operations at Kentucky State Reformatory, Luther Lockett Correctional Complex, Kentucky Correctional Institution for Women, Northpoint Training Center, Kentucky State Penitentiary, Blackburn Correctional Complex, Eastern Kentucky Correctional Complex, Green River Correctional Complex, Western Kentucky Correctional Complex, and Roederer Correctional Complex.

Prison farm operations are located at Roederer Correctional Complex, Blackburn Correctional Complex, Northpoint Training Center and Western Kentucky Correctional Complex. Operations include raising and selling beef cattle and swine; growing

and selling corn and soybeans; and raising vegetables and apples for prison use. No canning or meat processing activities are included.

Policy

In the current year an additional \$60,400 is authorized to assist in double bunking at Green River and Eastern Kentucky Correctional Complexes. Also, \$940,100 that was originally budgeted for private prison costs will not be needed in this area and will be diverted to provide sufficient funding for double bunking.

With an increasing prison population, it is essential that jobs in the prisons also be increased. Consequently, Correctional Industries was provided an additional \$129,300 in fiscal year 1997 and \$135,800 in fiscal year 1998 in agency funds to hire four new staff.

LABOR

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|---|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 2,116,500 | 2,652,400 | 2,689,600 | 2,146,600 | 2,234,400 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 7,319,500 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| Current Receipts | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| Non-Revenue Receipts | 173,793,700 | 189,227,600 | 207,265,000 | 187,860,400 | 205,969,700 |
| Total Restricted Agency Funds | 185,113,200 | 197,227,600 | 215,265,000 | 195,860,400 | 213,969,700 |
| Federal Funds | | | | | |
| Balance Forward | 115,600 | | | | |
| Current Receipts | 2,557,900 | 2,539,600 | 2,412,600 | 2,539,600 | 2,412,600 |
| Non-Revenue Receipts | 47,500 | 49,800 | 51,700 | 49,800 | 51,700 |
| Total Federal Funds | 2,721,000 | 2,589,400 | 2,464,300 | 2,589,400 | 2,464,300 |
| TOTAL FUNDS | 189,950,700 | 202,469,400 | 220,418,900 | 200,596,400 | 218,668,400 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 22,149,000 | 23,922,000 | 24,944,600 | 22,816,500 | 23,878,500 |
| Operating Expenses | 4,758,300 | 5,331,000 | 5,324,500 | 4,838,400 | 4,897,500 |
| Grants, Loans or Benefits | 158,456,400 | 168,391,000 | 185,391,000 | 168,381,000 | 185,381,000 |
| Capital Outlay | 587,000 | 825,400 | 758,800 | 560,500 | 511,400 |
| TOTAL EXPENDITURES | 185,950,700 | 198,469,400 | 216,418,900 | 196,596,400 | 214,668,400 |
| EXPENDITURES BY UNIT | | | | | |
| General Administration and Support | 3,679,900 | 4,101,200 | 4,171,900 | 4,042,600 | 4,110,800 |
| Workplace Standards | 171,996,600 | 183,180,500 | 200,625,800 | 181,951,600 | 199,488,600 |
| Worker's Claims | 9,822,200 | 10,736,000 | 11,157,400 | 10,159,800 | 10,614,200 |
| Kentucky Occupational Safety and Health Review Commission | 452,000 | 451,700 | 463,800 | 442,400 | 454,800 |
| TOTAL EXPENDITURES | 185,950,700 | 198,469,400 | 216,418,900 | 196,596,400 | 214,668,400 |

The Labor Cabinet is created in KRS Chapter 336 and charged with exercising the administrative functions of the state concerning employer-employee relationships. The Cabinet is headed by a Secretary appointed by the Governor who is responsible for activities relating to wages and hours, occupational safety and health of employees, child labor, apprenticeship, and workers' compensation.

The following boards and councils are attached to the Labor Cabinet for administrative purposes: Kentucky Labor-Management Advisory Council, Prevailing Wage Review Board, Kentucky Occupational Safety and Health Standards Board, Apprenticeship and Training Council, State Labor Relations Board, Child Labor Committee, the Kentucky Employees Insurance Association, and the Workers' Compensation Advisory Council. In addition, workers' compensation reform legislation (House Bill 928) enacted by the 1994 General Assembly transferred the Kentucky Workers' Compensation Funding Commission to the Labor Cabinet for administrative purposes, and also established the Employers Mutual Insurance Authority, an off-budget entity attached for administrative purposes to the Labor Cabinet.

The organizational units under the direction of the Secretary of Labor are the Office of the Secretary, General Counsel, Administrative Services, Labor-Management Relations, and the Department of Workplace Standards. The Secretary of Labor also oversees administrative duties of the Department of Workers Claims, with the Commissioner of the Department being responsible for the daily programmatic activities. The Kentucky Occupational Safety and Health (KOSH) Review Commission is an independent agency administered by an executive director.

LABOR
General Administration and Support

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 371,600 | 544,500 | 564,900 | 485,900 | 503,800 |
| Reorganization Adjustment | 111,400 | | | | |
| Total General Fund | <u>483,000</u> | <u>544,500</u> | <u>564,900</u> | <u>485,900</u> | <u>503,800</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 646,800 | | | | |
| Non-Revenue Receipts | 2,550,100 | 3,556,700 | 3,607,000 | 3,556,700 | 3,607,000 |
| Total Restricted Agency Funds | <u>3,196,900</u> | <u>3,556,700</u> | <u>3,607,000</u> | <u>3,556,700</u> | <u>3,607,000</u> |
| TOTAL FUNDS | <u>3,679,900</u> | <u>4,101,200</u> | <u>4,171,900</u> | <u>4,042,600</u> | <u>4,110,800</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 2,880,400 | 3,114,800 | 3,203,500 | 3,114,100 | 3,202,900 |
| Operating Expenses | 539,800 | 674,900 | 690,400 | 636,000 | 653,900 |
| Grants, Loans or Benefits | 150,000 | 150,000 | 150,000 | 140,000 | 140,000 |
| Capital Outlay | 109,700 | 161,500 | 128,000 | 152,500 | 114,000 |
| TOTAL EXPENDITURES | <u>3,679,900</u> | <u>4,101,200</u> | <u>4,171,900</u> | <u>4,042,600</u> | <u>4,110,800</u> |
| EXPENDITURES BY UNIT | | | | | |
| Secretary | 521,500 | 495,000 | 515,200 | 494,000 | 515,200 |
| General Counsel | 590,400 | 588,100 | 612,500 | 583,000 | 608,200 |
| Administrative Services | 2,085,000 | 2,473,600 | 2,479,300 | 2,468,100 | 2,473,700 |
| Labor-Management Relations | 483,000 | 544,500 | 564,900 | 497,500 | 513,700 |
| TOTAL EXPENDITURES | <u>3,679,900</u> | <u>4,101,200</u> | <u>4,171,900</u> | <u>4,042,600</u> | <u>4,110,800</u> |

This program includes the Office of the Secretary of Labor, the Office of General Counsel, the Office of Administrative Services, and the Office of Labor-Management Relations.

The Secretary of Labor is responsible for the duties set forth in KRS 336.015(1), including the administration of the Employment Standards Apprenticeship and Training programs, Special Fund for occupational injury and disease claims, and the Occupational Safety and Health Programs. The Office of General Counsel represents the Cabinet in wage and hour actions, occupational safety and health prosecutions and personnel and administrative actions. The Office of Labor-Management Relations works to improve relationships between labor and management and coordinates the activity of the Labor-Management Advisory Council. The Mediation Branch, previously housed in the Division of Employment Standards, Apprenticeship and Training, was moved by Executive Order 95-610 to the Office of Labor-Management Relations. The Office is now positioned to provide full services to the state-wide labor-management community, not only in the area of cooperative processes, but also in actual mediation, arbitration, and all forms of alternative dispute resolution. The Office of Administrative Services provides administrative support to Labor Cabinet programs.

The Office of Labor-Management Relations is funded with General Funds, while the other subprograms are funded by agency fund non-revenue receipts. The agency funds are Workers' Compensation Special Fund assessments, which are collected by the Kentucky Workers' Compensation Funding Commission and transferred to the Cabinet in accordance with the passage of the Appropriations Act.

Policy

General Funds in the amount of \$140,000 in each year of the 1996-98 biennium are provided for continuation of the labor-management relations grants. Additional agency funds in the amount of \$326,100 in fiscal year 1997 and \$242,300 in fiscal year 1998 are also provided for the Cabinet's information resources projects. Funding for two technical computer personnel, hardware, software, training, consulting services, and maintenance are included in these totals, with major emphasis being placed upon imaging, networking, and upgrading of the AS/400 central processor. Restricted funds in the amount of \$341,000 in fiscal year 1997 and \$257,000 in fiscal year 1998 are also included in the Capital Budget for enhancement of the Cabinet's imaging system. These funds will make imaging documents accessible to all personnel in Workers Claims and the Division of Special Fund.

LABOR
Workplace Standards

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 1,744,900 | 2,107,900 | 2,124,700 | 1,660,700 | 1,730,600 |
| Reorganization Adjustment | -111,400 | | | | |
| Total General Fund | <u>1,633,500</u> | <u>2,107,900</u> | <u>2,124,700</u> | <u>1,660,700</u> | <u>1,730,600</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 5,425,800 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| Current Receipts | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| Non-Revenue Receipts | 162,394,900 | 174,652,900 | 192,198,000 | 173,871,200 | 191,454,900 |
| Total Restricted Agency Funds | <u>171,820,700</u> | <u>182,652,900</u> | <u>200,198,000</u> | <u>181,871,200</u> | <u>199,454,900</u> |
| Federal Funds | | | | | |
| Balance Forward | 99,900 | | | | |
| Current Receipts | 2,395,000 | 2,369,900 | 2,251,400 | 2,369,900 | 2,251,400 |
| Non-Revenue Receipts | 47,500 | 49,800 | 51,700 | 49,800 | 51,700 |
| Total Federal Funds | <u>2,542,400</u> | <u>2,419,700</u> | <u>2,303,100</u> | <u>2,419,700</u> | <u>2,303,100</u> |
| TOTAL FUNDS | <u>175,996,600</u> | <u>187,180,500</u> | <u>204,625,800</u> | <u>185,951,600</u> | <u>203,488,600</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 10,959,900 | 11,846,200 | 12,396,200 | 11,054,000 | 11,556,200 |
| Operating Expenses | 2,365,300 | 2,644,700 | 2,638,200 | 2,360,500 | 2,406,000 |
| Grants, Loans or Benefits | 158,306,400 | 168,241,000 | 185,241,000 | 168,241,000 | 185,241,000 |
| Capital Outlay | 365,000 | 448,600 | 350,400 | 296,100 | 285,400 |
| TOTAL EXPENDITURES | <u>171,996,600</u> | <u>183,180,500</u> | <u>200,625,800</u> | <u>181,951,600</u> | <u>199,488,600</u> |
| EXPENDITURES BY UNIT | | | | | |
| Commissioner | | 188,100 | 182,700 | | |
| Employment Standards, Apprenticeship and Training | 1,681,200 | 2,157,700 | 2,176,400 | 1,710,500 | 1,782,300 |
| Occupational Safety and Health Compliance | 2,810,200 | 2,985,300 | 3,085,800 | 2,797,300 | 2,886,100 |
| Education and Training for Occupational Safety and Health | 3,433,100 | 3,423,600 | 3,544,200 | 3,274,500 | 3,384,600 |
| Special Fund | 164,072,100 | 174,425,800 | 191,636,700 | 174,169,300 | 191,435,600 |
| TOTAL EXPENDITURES | <u>171,996,600</u> | <u>183,180,500</u> | <u>200,625,800</u> | <u>181,951,600</u> | <u>199,488,600</u> |

The Department of Workplace Standards consists of the Division of Employment Standards, Apprenticeship and Training, the Division of Occupational Safety and Health Compliance, the Division of Education and Training for Occupational Safety and Health, and the Division of Special Fund.

LABOR
Workplace Standards
Employment Standards, Apprenticeship and Training

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 1,744,900 | 2,107,900 | 2,124,700 | 1,660,700 | 1,730,600 |
| Reorganization Adjustment | -111,400 | | | | |
| Total General Fund | <u>1,633,500</u> | <u>2,107,900</u> | <u>2,124,700</u> | <u>1,660,700</u> | <u>1,730,600</u> |
| Federal Funds | | | | | |
| Balance Forward | 200 | | | | |
| Non-Revenue Receipts | 47,500 | 49,800 | 51,700 | 49,800 | 51,700 |
| Total Federal Funds | <u>47,700</u> | <u>49,800</u> | <u>51,700</u> | <u>49,800</u> | <u>51,700</u> |
| TOTAL FUNDS | <u>1,681,200</u> | <u>2,157,700</u> | <u>2,176,400</u> | <u>1,710,500</u> | <u>1,782,300</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 1,441,500 | 1,704,700 | 1,785,900 | 1,469,100 | 1,540,100 |
| Operating Expenses | 233,200 | 347,000 | 337,000 | 234,900 | 235,700 |
| Capital Outlay | 6,500 | 106,000 | 53,500 | 6,500 | 6,500 |
| TOTAL EXPENDITURES | <u>1,681,200</u> | <u>2,157,700</u> | <u>2,176,400</u> | <u>1,710,500</u> | <u>1,782,300</u> |
| EXPENDITURES BY UNIT | | | | | |
| Administration | 399,400 | 412,800 | 430,000 | 407,000 | 424,100 |
| Wage and Hour | 998,100 | 1,115,900 | 1,136,300 | 1,013,900 | 1,056,600 |
| Apprenticeship | 236,000 | 243,900 | 254,100 | 239,800 | 249,900 |
| School-to-Work | 47,700 | 49,800 | 51,700 | 49,800 | 51,700 |
| Training and Education | | 335,300 | 304,300 | | |
| TOTAL EXPENDITURES | <u>1,681,200</u> | <u>2,157,700</u> | <u>2,176,400</u> | <u>1,710,500</u> | <u>1,782,300</u> |

The Division of Employment Standards, Apprenticeship and Training, oversees statutory programs pertaining to wages and hours, discrimination, apprenticeship, and School-to-Work activity. The Division is funded entirely from the General Fund, with the exception of the School-to-Work program, which is funded by federal funds provided through the School-to-Work Opportunities Act passed in 1994.

The Wage and Hour subprogram has the responsibility for administering the laws relating to discrimination against the physically handicapped in KRS Chapter 207, wages and hours in KRS Chapter 337, and child labor laws in KRS Chapter 339. Employees conduct approximately 2,700 investigations annually, correcting 1,500 violations of Kentucky's wage and hour laws and returning approximately \$1.7 million in unpaid wages to as many as 5,000 employees. Some 80,000 employers with over 1,400,000 employees are covered under these statutes.

The Apprenticeship subprogram administers the provisions of Chapter 343 and encourages employers and employees to voluntarily enter into apprenticeship training programs which will equip young people for profitable employment. The program monitors approximately 350 sponsors to assure that they are providing quality training to more than 2,200 apprentices registered in these training programs.

The School-to-Work liaison provides technical assistance concerning Kentucky's labor and apprenticeship laws to the twenty-two Labor Market Areas throughout the state, as well as schools, businesses, and labor leaders. The liaison provides direction as to how these laws apply to School-to-Work programs.

LABOR
Workplace Standards
Occupational Safety and Health Compliance

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 281,300 | | | | |
| Non-Revenue Receipts | 1,443,900 | 1,954,600 | 2,106,600 | 1,766,600 | 1,906,900 |
| Total Restricted Agency Funds | <u>1,725,200</u> | <u>1,954,600</u> | <u>2,106,600</u> | <u>1,766,600</u> | <u>1,906,900</u> |
| Federal Funds | | | | | |
| Balance Forward | 42,200 | | | | |
| Current Receipts | 1,042,800 | 1,030,700 | 979,200 | 1,030,700 | 979,200 |
| Total Federal Funds | <u>1,085,000</u> | <u>1,030,700</u> | <u>979,200</u> | <u>1,030,700</u> | <u>979,200</u> |
| TOTAL FUNDS | <u>2,810,200</u> | <u>2,985,300</u> | <u>3,085,800</u> | <u>2,797,300</u> | <u>2,886,100</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 1,933,100 | 2,080,800 | 2,183,400 | 1,913,100 | 2,006,400 |
| Operating Expenses | 518,700 | 541,700 | 549,100 | 521,400 | 526,400 |
| Grants, Loans or Benefits | 216,000 | 216,000 | 216,000 | 216,000 | 216,000 |
| Capital Outlay | 142,400 | 146,800 | 137,300 | 146,800 | 137,300 |
| TOTAL EXPENDITURES | <u>2,810,200</u> | <u>2,985,300</u> | <u>3,085,800</u> | <u>2,797,300</u> | <u>2,886,100</u> |
| EXPENDITURES BY UNIT | | | | | |
| Safety | 1,374,600 | 1,474,000 | 1,523,900 | 1,364,100 | 1,407,300 |
| Health | 1,388,200 | 1,462,000 | 1,510,900 | 1,383,900 | 1,427,800 |
| Anti-Discrimination | 47,400 | 49,300 | 51,000 | 49,300 | 51,000 |
| TOTAL EXPENDITURES | <u>2,810,200</u> | <u>2,985,300</u> | <u>3,085,800</u> | <u>2,797,300</u> | <u>2,886,100</u> |

This Division, through enforcement of the provisions of KRS Chapter 338, promotes the safety, health, and general welfare of workers by ensuring that employers are preventing hazards to the safety and health of all employees arising from exposure to harmful conditions and practices in work environments. The Division of Compliance is responsible for the enforcement of Kentucky's occupational safety and health standards, rules and regulations within both the public and private sectors. Through a Safety Inspection Branch and a Health Inspection Branch, the Division maintains a field staff of Safety Compliance Officers and Industrial Hygienists who conduct inspections of workplaces in which hazardous conditions are identified, violations of safety and health standards are cited, and abatement dates are assigned. In some instances, penalties are assessed for violations.

Although all penalties collected by the Division for violations are contributed to the General Fund, the Division's operations are not supported with General Funds. A federal grant from the U. S. Department of Labor, Occupational Safety and Health Administration provides funding for this program, with an agency fund match provided by the Kentucky Workers' Compensation Funding Commission through its Special Fund assessments.

LABOR
Workplace Standards
Education and Training for Occupational Safety and Health

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 322,100 | | | | |
| Non-Revenue Receipts | 1,701,300 | 2,084,400 | 2,272,000 | 1,935,300 | 2,112,400 |
| Total Restricted Agency Funds | <u>2,023,400</u> | <u>2,084,400</u> | <u>2,272,000</u> | <u>1,935,300</u> | <u>2,112,400</u> |
| Federal Funds | | | | | |
| Balance Forward | 57,500 | | | | |
| Current Receipts | 1,352,200 | 1,339,200 | 1,272,200 | 1,339,200 | 1,272,200 |
| Total Federal Funds | <u>1,409,700</u> | <u>1,339,200</u> | <u>1,272,200</u> | <u>1,339,200</u> | <u>1,272,200</u> |
| TOTAL FUNDS | <u>3,433,100</u> | <u>3,423,600</u> | <u>3,544,200</u> | <u>3,274,500</u> | <u>3,384,600</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 2,456,400 | 2,477,300 | 2,601,100 | 2,352,800 | 2,459,500 |
| Operating Expenses | 809,100 | 840,600 | 849,500 | 816,000 | 831,500 |
| Capital Outlay | 167,600 | 105,700 | 93,600 | 105,700 | 93,600 |
| TOTAL EXPENDITURES | <u>3,433,100</u> | <u>3,423,600</u> | <u>3,544,200</u> | <u>3,274,500</u> | <u>3,384,600</u> |
| EXPENDITURES BY UNIT | | | | | |
| Training | 795,000 | 799,700 | 827,900 | 741,100 | 765,700 |
| Standards | 261,600 | 266,700 | 276,100 | 254,700 | 263,400 |
| Consultation | 896,200 | 896,900 | 928,700 | 837,400 | 865,500 |
| Federal Coordinator/ Administration | 1,003,100 | 991,300 | 1,026,100 | 976,500 | 1,009,700 |
| Management Information Systems | 161,500 | 158,700 | 164,300 | 157,200 | 162,600 |
| Labor Statistics | 315,700 | 310,300 | 321,100 | 307,600 | 317,700 |
| TOTAL EXPENDITURES | <u>3,433,100</u> | <u>3,423,600</u> | <u>3,544,200</u> | <u>3,274,500</u> | <u>3,384,600</u> |

This Division promotes voluntary compliance with the Kentucky Occupational Safety and Health rules and regulations by providing training, on-site consultations, distribution of technical and informational materials, gathering and monitoring statistical data concerning job injuries and illnesses, technical assistance, and acting as a liaison between the Cabinet and the Kentucky Occupational Safety and Health Standards Board.

The Training Branch develops and presents courses for employers to encourage voluntary compliance with safety and health standards, and also for employees to make them aware of job hazards which they may then avoid or assist in correcting. The Consultation Branch conducts surveys of business establishments at the request of employers to identify safety and health hazards. The Standards Branch provides information relative to standards and requirements, and processes variance requests from employers.

The Management Information System unit handles collection, analysis, and reporting of statistics to develop safer work environments. The Survey subprograms provide published reports of this information.

Funding for this budget unit consists of federal funds and Workers' Compensation Special Fund assessments.

LABOR
Workplace Standards
Special Fund

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 4,822,400 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| Current Receipts | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| Non-Revenue Receipts | 159,249,700 | 170,425,800 | 187,636,700 | 170,169,300 | 187,435,600 |
| TOTAL FUNDS | 168,072,100 | 178,425,800 | 195,636,700 | 178,169,300 | 195,435,600 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 5,128,900 | 5,443,400 | 5,680,600 | 5,319,000 | 5,550,200 |
| Operating Expenses | 804,300 | 882,300 | 869,100 | 788,200 | 812,400 |
| Grants, Loans or Benefits | 158,090,400 | 168,025,000 | 185,025,000 | 168,025,000 | 185,025,000 |
| Capital Outlay | 48,500 | 75,100 | 62,000 | 37,100 | 48,000 |
| TOTAL EXPENDITURES | 164,072,100 | 174,425,800 | 191,636,700 | 174,169,300 | 191,435,600 |
| EXPENDITURES BY UNIT | | | | | |
| Administration | 5,981,700 | 6,400,800 | 6,611,700 | 6,144,300 | 6,410,600 |
| Awards | 158,090,400 | 168,025,000 | 185,025,000 | 168,025,000 | 185,025,000 |
| TOTAL EXPENDITURES | 164,072,100 | 174,425,800 | 191,636,700 | 174,169,300 | 191,435,600 |

The Division of Special Fund, pursuant to KRS 342.120, is responsible for the defense of the legal entity known as the Special Fund and the maintenance of records regarding the payment of claims by the Fund. The Special Fund may be held liable for a portion of work-related second injury and occupational disease awards in workers' compensation claims. The Fund improves the opportunities for experienced workers to reenter the active labor market by relieving a potential employer of unfair legal liability for injuries incurred or diseases contracted prior to employment. The statutes limit the employer's liability to just that part of the total injury or disease sustained while the employee was in his or her employ. Special Fund liability continues to increase, averaging almost ten percent annually over the past decade.

The Administrative Law Judges of the Department of Workers Claims are responsible for making determinations concerning the extent of liability of the Special Fund. The judges' decisions are appealable to the Workers' Compensation Board.

Funding for the Division of Special Fund is provided through the assessments on insurance carriers' premiums and on self-insured groups and employers collected by the Kentucky Workers' Compensation Funding Commission.

Policy

Based upon historical trends, restricted funds in the amount of \$168,025,000 in fiscal year 1997 and \$185,025,000 in fiscal year 1998 are provided for Special Fund awards.

LABOR
Workers Claims

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 1,234,500 | | | | |
| Non-Revenue Receipts | 8,587,700 | 10,736,000 | 11,157,400 | 10,159,800 | 10,614,200 |
| TOTAL FUNDS | 9,822,200 | 10,736,000 | 11,157,400 | 10,159,800 | 10,614,200 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 7,894,000 | 8,553,600 | 8,921,400 | 8,247,000 | 8,702,400 |
| Operating Expenses | 1,815,900 | 1,967,100 | 1,955,600 | 1,800,900 | 1,799,800 |
| Capital Outlay | 112,300 | 215,300 | 280,400 | 111,900 | 112,000 |
| TOTAL EXPENDITURES | 9,822,200 | 10,736,000 | 11,157,400 | 10,159,800 | 10,614,200 |
| EXPENDITURES BY UNIT | | | | | |
| Administrative Law Judge | 3,149,200 | 3,234,400 | 3,358,400 | 3,224,300 | 3,349,000 |
| Commissioner | 1,015,400 | 1,011,600 | 1,050,300 | 1,008,400 | 1,047,400 |
| Information and Research | 2,276,200 | 2,760,700 | 2,844,100 | 2,352,800 | 2,444,000 |
| Claims Processing and Appeals | 1,291,400 | 1,562,300 | 1,654,400 | 1,414,100 | 1,529,900 |
| Insurance | 1,330,800 | 1,379,900 | 1,432,900 | 1,375,600 | 1,428,900 |
| Workers' Compensation Board | 759,200 | 787,100 | 817,300 | 784,600 | 815,000 |
| TOTAL EXPENDITURES | 9,822,200 | 10,736,000 | 11,157,400 | 10,159,800 | 10,614,200 |

The Department of Workers Claims is the organizational unit within the Labor Cabinet that has been most affected by workers' compensation reform legislation, House Bill 928, passed by the 1994 General Assembly. The legislation effectuated changes in the department's organization, lines of authority, and administrative and judicial functions. Underlying the 1994 legislation is the goal of reducing the cost of workers' compensation for Kentucky employers by 20 percent. House Bill 928 consolidated most governmental functions relating to workers' compensation in the Labor Cabinet and expanded the role of the Commissioner of the Department of Workers Claims as chief administrator of the compensation program. Additionally, the legislation provided appellate duties to the Workers' Compensation Board. Although claims adjudication is the department's primary function, it also ensures compliance with the insurance, self-insurance, and ombudsman provisions of KRS Chapter 342.

Funding for the Department of Workers Claims is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Policy

Restricted funds in the amount of \$100,000 in fiscal year 1997 and \$165,000 in fiscal year 1998 are included for personal service contracts to update Kentucky's Medical Fee Schedule, as mandated by KRS Chapter 342, review managed care plans, and audit insurance companies to evaluate whether or not insurance payments to claimants and medical payments are made in accordance with the statutes.

LABOR
Kentucky Occupational Safety and Health Review Commission

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 12,400 | | | | |
| Non-Revenue Receipts | 261,000 | 282,000 | 302,600 | 272,700 | 293,600 |
| Total Restricted Agency Funds | <u>273,400</u> | <u>282,000</u> | <u>302,600</u> | <u>272,700</u> | <u>293,600</u> |
| Federal Funds | | | | | |
| Balance Forward | 15,700 | | | | |
| Current Receipts | 162,900 | 169,700 | 161,200 | 169,700 | 161,200 |
| Total Federal Funds | <u>178,600</u> | <u>169,700</u> | <u>161,200</u> | <u>169,700</u> | <u>161,200</u> |
| TOTAL FUNDS | <u>452,000</u> | <u>451,700</u> | <u>463,800</u> | <u>442,400</u> | <u>454,800</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 414,700 | 407,400 | 423,500 | 401,400 | 417,000 |
| Operating Expenses | 37,300 | 44,300 | 40,300 | 41,000 | 37,800 |
| TOTAL EXPENDITURES | <u>452,000</u> | <u>451,700</u> | <u>463,800</u> | <u>442,400</u> | <u>454,800</u> |

The Kentucky Occupational Safety and Health Review Commission is an independent quasi-judicial administrative agency which hears and rules on appeals of citations issued by the Division of Occupational Safety and Health Compliance in the Labor Cabinet. For organizational purposes, the Commission is in the Labor Cabinet.

The Review Commission receives and processes over 200 cases per year. Hearings are held throughout the state by hearing officers. Written findings of fact, conclusions of law, and the recommended decisions issued by the hearing officers may be appealed to the Commission and then to Franklin Circuit Court.

Funding for the Commission consists of funds derived from the federal Occupational Safety and Health Grant and agency funds provided by the Kentucky Workers' Compensation Funding Commission from its Special Fund assessments.

LABOR
Kentucky Workers' Compensation Funding Commission

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 334,170,300 | 317,283,500 | 276,546,900 | 295,862,700 | 255,266,200 |
| Current Receipts | 150,334,200 | 130,178,900 | 130,071,000 | 155,773,300 | 155,670,500 |
| Non-Revenue Receipts | | 27,000,000 | 27,000,000 | | |
| Total Restricted Agency Funds | 484,504,500 | 474,462,400 | 433,617,900 | 451,636,000 | 410,936,700 |
| TOTAL FUNDS | 484,504,500 | 474,462,400 | 433,617,900 | 451,636,000 | 410,936,700 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 1,208,800 | 1,274,100 | 1,410,500 | 1,189,200 | 1,235,100 |
| Operating Expenses | 187,402,900 | 194,577,700 | 212,751,400 | 194,382,500 | 212,558,700 |
| Grants, Loans or Benefits | | 2,005,800 | 1,831,700 | 767,100 | 664,300 |
| Capital Outlay | 30,100 | 57,900 | 17,100 | 31,000 | 17,100 |
| TOTAL EXPENDITURES | 188,641,800 | 197,915,500 | 216,010,700 | 196,369,800 | 214,475,200 |
| EXPENDITURES BY UNIT | | | | | |
| Funding Commission | 1,691,000 | 1,838,000 | 1,932,200 | 1,659,500 | 1,692,000 |
| Uninsured Employers Fund | 6,475,600 | 6,508,900 | 6,556,500 | 6,508,900 | 6,556,500 |
| Labor Cabinet | 177,475,200 | 189,568,600 | 207,522,000 | 188,201,400 | 206,226,700 |
| Kentucky Employers' Mutual Insurance Authority | 3,000,000 | | | | |
| TOTAL EXPENDITURES | 188,641,800 | 197,915,500 | 216,010,700 | 196,369,800 | 214,475,200 |

The Workers' Compensation Funding Commission was created through the enactment of House Bill 1 by the 1987 Extraordinary Session of the General Assembly. House Bill 928, passed by the 1994 General Assembly, transferred the Commission to the Labor Cabinet for administrative purposes. The agency has the public purpose of controlling, investing, and managing the funds collected pursuant to KRS Chapter 342. These monies are to be used to fund the liabilities of the Special Fund and the operations of the state Workers' Compensation Program and other budgeted programs within the Labor Cabinet and the Uninsured Employers Fund within the Office of the Attorney General.

The Commission is to collect two separate assessments as required by KRS Chapter 342. One assessment is imposed on Kentucky workers' compensation premiums received by all insurance carriers and group self-insurers, and on a calculation-based premium equivalent for employers carrying their own risk. Also, an additional assessment is imposed on such premiums received from employers engaged in the severance or processing of coal.

Assessments are to be credited to the Commission's Benefit Reserve Fund and the excess of collections over Special Fund liabilities and budgeted expenditures are to be invested according to the Commission's policies and in compliance with KRS Chapter 386. The Commission is directed to provide various reports to the General Assembly, and to biennially recommend changes deemed necessary in the level of assessments. The agency may perform or contract for audits of those entities subject to assessments, and may coordinate with other governmental agencies to ensure compliance with the statutes relating to workers' compensation funding.

The Commission is governed by a Board of Directors composed of the Secretaries of Labor, Economic Development, and Revenue, and four members representing insurers and insureds, who are appointed by the Governor. The Board appoints an executive director to carry out the business of the Commission.

The Board is required to engage a certified public accountant to conduct an annual examination of the Commission's affairs and report the findings to the Governor and the Auditor of Public Accounts.

The Administration subprogram displays the budgeted expenditures for the operation of the Commission. The Fund Transfers displayed represent the amounts the Commission will transfer to the Labor Cabinet and the Uninsured Employers Fund within the Office of the Attorney General for those programs statutorily supported by the Special Fund assessments.

The revenues and expenditures displayed in the Funding Commission have not been included in the total Labor Cabinet roll-up. Combining this data would result in a duplication of actual, requested and recommended revenue and expenditure levels for the Cabinet, because the majority of the Cabinet's funding is transferred from the Commission's receipts and categorized as non-revenue receipts to the Cabinet.

The revenue information combines the cash within the state accounting system and cash located with the Commission's long-term investment management firm. The agency fund revenues assume a 6.8 percent average return in investment for fiscal years 1997 and 1998.

Policy

The 1996 General Assembly has provided restricted funds totaling \$184,300 in fiscal year 1997 and \$152,100 in fiscal year 1998 for auditor travel, overtime, and training expenditures.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 46,599,700 | 60,579,500 | 62,430,300 | 48,771,400 | 51,466,700 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 104,491,600 | 110,938,200 | 116,662,600 | 110,938,200 | 114,663,900 |
| Current Receipts | 21,090,000 | 24,022,100 | 23,655,200 | 22,793,200 | 22,553,500 |
| Non-Revenue Receipts | 40,213,600 | 45,800,100 | 45,981,300 | 45,733,200 | 45,914,200 |
| Total Restricted Agency Funds | 165,795,200 | 180,760,400 | 186,299,100 | 179,464,600 | 183,131,600 |
| Federal Funds | | | | | |
| Balance Forward | 914,400 | | | | |
| Current Receipts | 56,054,800 | 58,299,900 | 58,132,400 | 57,397,600 | 57,498,300 |
| Non-Revenue Receipts | 4,300 | | | | |
| Revenue Redistribution | -2,342,900 | -2,237,500 | -2,271,300 | -2,227,500 | -2,259,800 |
| Total Federal Funds | 54,630,600 | 56,062,400 | 55,861,100 | 55,170,100 | 55,238,500 |
| TOTAL FUNDS | 267,025,500 | 297,402,300 | 304,590,500 | 283,406,100 | 289,836,800 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 81,668,200 | 88,470,100 | 91,492,800 | 82,490,000 | 85,196,300 |
| Operating Expenses | 35,208,600 | 43,458,800 | 52,898,100 | 44,542,400 | 53,932,400 |
| Grants, Loans or Benefits | 15,476,700 | 21,234,300 | 19,881,100 | 18,871,500 | 17,600,100 |
| Debt Service | | 677,200 | 677,200 | 273,000 | 273,000 |
| Capital Outlay | 4,348,000 | 7,527,500 | 5,724,500 | 3,194,500 | 2,696,300 |
| Construction | 19,385,800 | 19,370,800 | 19,070,800 | 19,370,800 | 19,070,800 |
| TOTAL EXPENDITURES | 156,087,300 | 180,738,700 | 189,744,500 | 168,742,200 | 178,768,900 |
| EXPENDITURES BY UNIT | | | | | |
| General Administration and Support | 10,484,700 | 11,515,900 | 11,935,200 | 10,360,800 | 10,781,200 |
| Environmental Protection | 48,260,900 | 56,186,800 | 55,160,700 | 51,567,100 | 51,284,400 |
| Natural Resources | 18,193,700 | 25,068,300 | 24,995,800 | 18,734,400 | 19,147,800 |
| Surface Mining Reclamation and Enforcement | 31,275,100 | 31,647,200 | 32,426,300 | 30,935,000 | 31,632,300 |
| Abandoned Mine Lands Reclamation Projects | 22,455,800 | 22,455,800 | 22,455,800 | 22,455,800 | 22,455,800 |
| Kentucky River Authority | 1,117,200 | 1,780,600 | 1,694,600 | 1,302,900 | 996,900 |
| Environmental Quality Commission | 218,700 | 210,500 | 234,600 | 210,900 | 234,900 |
| Nature Preserves Commission | 1,268,800 | 1,886,300 | 1,724,300 | 1,292,900 | 1,223,300 |
| Petroleum Storage Tank Environmental Assurance Fund Commission | 22,812,400 | 29,987,300 | 39,117,200 | 31,882,400 | 41,012,300 |
| TOTAL EXPENDITURES | 156,087,300 | 180,738,700 | 189,744,500 | 168,742,200 | 178,768,900 |

The Natural Resources and Environmental Protection Cabinet is charged with broad responsibilities for the protection and preservation of land, air, and water resources.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
General Administration and Support

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|---|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 7,461,100 | 8,666,900 | 8,972,700 | 7,636,100 | 7,948,600 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 669,800 | 497,500 | 246,400 | 497,500 | 246,400 |
| Current Receipts | 10,200 | 12,900 | 12,900 | 12,900 | 12,900 |
| Non-Revenue Receipts | 713,800 | 356,600 | 374,600 | 347,700 | 365,400 |
| Total Restricted Agency Funds | <u>1,393,800</u> | <u>867,000</u> | <u>633,900</u> | <u>858,100</u> | <u>624,700</u> |
| Federal Funds | | | | | |
| Balance Forward | 82,600 | | | | |
| Current Receipts | 2,187,300 | 2,308,100 | 2,412,300 | 2,183,800 | 2,282,400 |
| Non-Revenue Receipts | 4,300 | | | | |
| Revenue Redistribution | -146,900 | -79,700 | -83,700 | -70,800 | -74,500 |
| Total Federal Funds | <u>2,127,300</u> | <u>2,228,400</u> | <u>2,328,600</u> | <u>2,113,000</u> | <u>2,207,900</u> |
| TOTAL FUNDS | <u>10,982,200</u> | <u>11,762,300</u> | <u>11,935,200</u> | <u>10,607,200</u> | <u>10,781,200</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 8,880,500 | 9,780,300 | 10,201,600 | 8,789,200 | 9,175,000 |
| Operating Expenses | 1,337,300 | 1,468,400 | 1,523,500 | 1,399,800 | 1,442,900 |
| Grants, Loans or Benefits | 128,200 | 50,000 | 50,000 | 50,000 | 50,000 |
| Capital Outlay | 138,700 | 217,200 | 160,100 | 121,800 | 113,300 |
| TOTAL EXPENDITURES | <u>10,484,700</u> | <u>11,515,900</u> | <u>11,935,200</u> | <u>10,360,800</u> | <u>10,781,200</u> |
| EXPENDITURES BY UNIT | | | | | |
| Secretary | 1,140,800 | 1,232,500 | 1,294,800 | 1,234,400 | 1,296,900 |
| Administrative Services | 2,076,300 | 2,018,500 | 2,002,700 | 1,873,300 | 1,950,300 |
| Communications and Community Affairs | 67,600 | | | | |
| Administrative Hearings | 771,100 | 821,500 | 851,100 | 822,300 | 851,900 |
| Legal Services | 5,274,400 | 5,527,200 | 5,738,400 | 5,317,300 | 5,518,000 |
| Information Services | 1,154,500 | 1,916,200 | 2,048,200 | 1,113,500 | 1,164,100 |
| TOTAL EXPENDITURES | <u>10,484,700</u> | <u>11,515,900</u> | <u>11,935,200</u> | <u>10,360,800</u> | <u>10,781,200</u> |

The General Administration and Support appropriation unit is responsible for providing the executive direction, leadership, and administrative support necessary in accomplishing the goals and missions of the Natural Resources and Environmental Protection Cabinet.

The Office of the Secretary formulates and executes Cabinet policies based on administration priorities, state and federal statutes and regulations, legislative initiatives, and the concerns of the general public. The budget preparation and oversight functions as well as the Ombudsman functions also reside here.

The Division of Administrative Services provides centralized support to the Cabinet in the areas of personnel management, accounting, grants administration, and property and facilities management; and is also responsible for coordinating the development and implementation of the Cabinet's public information and environmental education efforts.

The Office of Administrative Hearings conducts and coordinates administrative hearings and penalty assessment conferences related to the regulatory programs conducted by the Cabinet.

The Office of Legal Services provides both litigation and non-litigation services for the Cabinet.

The Office of Information Services provides centralized systems analysis and applications development, systems operation support, specialized electronic systems support, and computer training for the Cabinet.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Environmental Protection

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 19,448,500 | 23,810,100 | 24,945,600 | 20,060,600 | 21,611,000 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 18,271,300 | 10,393,600 | 6,363,900 | 10,393,600 | 6,363,900 |
| Current Receipts | 11,310,500 | 13,128,700 | 12,749,400 | 12,534,000 | 12,232,100 |
| Non-Revenue Receipts | -3,081,700 | 1,723,400 | 1,801,800 | 1,723,400 | 1,801,800 |
| Total Restricted Agency Funds | <u>26,500,100</u> | <u>25,245,700</u> | <u>20,915,100</u> | <u>24,651,000</u> | <u>20,397,800</u> |
| Federal Funds | | | | | |
| Balance Forward | 115,700 | | | | |
| Current Receipts | 13,604,500 | 14,450,600 | 14,110,000 | 14,174,100 | 14,084,600 |
| Revenue Redistribution | -1,014,300 | -954,700 | -956,700 | -954,700 | -956,700 |
| Total Federal Funds | <u>12,705,900</u> | <u>13,495,900</u> | <u>13,153,300</u> | <u>13,219,400</u> | <u>13,127,900</u> |
| TOTAL FUNDS | <u>58,654,500</u> | <u>62,551,700</u> | <u>59,014,000</u> | <u>57,931,000</u> | <u>55,136,700</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 32,449,800 | 36,047,000 | 36,752,500 | 33,163,700 | 34,259,300 |
| Operating Expenses | 7,044,300 | 7,285,200 | 7,472,100 | 7,086,600 | 7,243,800 |
| Grants, Loans or Benefits | 4,540,300 | 8,172,900 | 7,032,400 | 7,710,400 | 6,704,900 |
| Capital Outlay | 2,126,500 | 2,581,700 | 2,103,700 | 1,506,400 | 1,276,400 |
| Construction | 2,100,000 | 2,100,000 | 1,800,000 | 2,100,000 | 1,800,000 |
| TOTAL EXPENDITURES | <u>48,260,900</u> | <u>56,186,800</u> | <u>55,160,700</u> | <u>51,567,100</u> | <u>51,284,400</u> |
| EXPENDITURES BY UNIT | | | | | |
| Commissioner | 1,287,300 | 1,450,300 | 1,534,800 | 1,346,600 | 1,427,700 |
| Water | 14,223,400 | 19,026,500 | 18,990,200 | 17,435,200 | 17,722,400 |
| Air Quality | 10,033,700 | 10,213,700 | 10,349,300 | 9,479,000 | 9,789,300 |
| Waste Management | 18,792,600 | 21,471,500 | 20,143,700 | 19,456,900 | 18,339,600 |
| Maxey Flats | 480,300 | 429,700 | 443,600 | 420,100 | 440,600 |
| Environmental Services | 3,443,600 | 3,595,100 | 3,699,100 | 3,429,300 | 3,564,800 |
| TOTAL EXPENDITURES | <u>48,260,900</u> | <u>56,186,800</u> | <u>55,160,700</u> | <u>51,567,100</u> | <u>51,284,400</u> |

The Department for Environmental Protection is charged with the responsibility of protecting the environmental health of Kentucky's citizens through the prevention, abatement, and control of water, land, and air pollution.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Environmental Protection
Commissioner

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 1,141,000 | 1,351,500 | 1,433,000 | 1,247,800 | 1,325,900 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 162,400 | 81,400 | 42,200 | 81,400 | 42,200 |
| Current Receipts | 20,100 | 15,100 | 15,100 | 15,100 | 15,100 |
| Total Restricted Agency Funds | 182,500 | 96,500 | 57,300 | 96,500 | 57,300 |
| Federal Funds | | | | | |
| Balance Forward | 700 | | | | |
| Current Receipts | 44,500 | 44,500 | 44,500 | 44,500 | 44,500 |
| Total Federal Funds | 45,200 | 44,500 | 44,500 | 44,500 | 44,500 |
| TOTAL FUNDS | 1,368,700 | 1,492,500 | 1,534,800 | 1,388,800 | 1,427,700 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 982,400 | 1,170,300 | 1,227,000 | 1,092,700 | 1,147,000 |
| Operating Expenses | 192,500 | 214,300 | 222,000 | 191,200 | 194,900 |
| Grants, Loans or Benefits | 44,500 | 44,500 | 44,500 | 44,500 | 44,500 |
| Capital Outlay | 67,900 | 21,200 | 41,300 | 18,200 | 41,300 |
| TOTAL EXPENDITURES | 1,287,300 | 1,450,300 | 1,534,800 | 1,346,600 | 1,427,700 |

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Environmental Protection
Water

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 8,738,300 | 11,215,800 | 11,794,000 | 9,901,000 | 10,551,600 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 107,800 | | | | |
| Current Receipts | 817,200 | 1,044,500 | 900,800 | 1,044,500 | 900,800 |
| Non-Revenue Receipts | 404,300 | 550,400 | 559,200 | 550,400 | 559,200 |
| Total Restricted Agency Funds | <u>1,329,300</u> | <u>1,594,900</u> | <u>1,460,000</u> | <u>1,594,900</u> | <u>1,460,000</u> |
| Federal Funds | | | | | |
| Current Receipts | 4,530,800 | 6,590,800 | 6,111,200 | 6,314,300 | 6,085,800 |
| Revenue Redistribution | -375,000 | -375,000 | -375,000 | -375,000 | -375,000 |
| Total Federal Funds | <u>4,155,800</u> | <u>6,215,800</u> | <u>5,736,200</u> | <u>5,939,300</u> | <u>5,710,800</u> |
| TOTAL FUNDS | <u>14,223,400</u> | <u>19,026,500</u> | <u>18,990,200</u> | <u>17,435,200</u> | <u>17,722,400</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 10,807,100 | 12,301,400 | 12,651,400 | 11,523,000 | 12,114,300 |
| Operating Expenses | 2,048,700 | 2,297,300 | 2,349,600 | 2,165,100 | 2,208,800 |
| Grants, Loans or Benefits | 1,071,300 | 3,419,800 | 3,139,400 | 3,164,800 | 3,019,400 |
| Capital Outlay | 296,300 | 1,008,000 | 849,800 | 582,300 | 379,900 |
| TOTAL EXPENDITURES | <u>14,223,400</u> | <u>19,026,500</u> | <u>18,990,200</u> | <u>17,435,200</u> | <u>17,722,400</u> |

Operating under authority granted by KRS 146, 149, 151, 224, 262, 350, and 443, and federal Public Laws 93-23, 92-500, 90-542, and 93-234, the Division of Water is responsible for administering programs to: ensure a continuous supply of safe drinking water; ensure the maintenance of water quality in the state; protect the state's water storage supplies from harmful overflows; preserve the safety of the Commonwealth's citizens by preventing improper construction of water improvements; and promote and regulate the conservation, development, and most beneficial use of the state's water resources.

Policy

Additional federal funds of \$125,300 in fiscal year 1997 and \$156,600 in fiscal year 1998 are provided for four positions for non-point source program activities.

Additional federal funds of \$2,056,800 in fiscal year 1997 and \$1,899,400 in fiscal year 1998 are included for grants to local governments and other eligible entities to implement best management practices to prevent water pollution from non-point sources.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Environmental Protection
Air Quality

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 1,206,300 | 1,331,800 | 1,276,400 | 1,172,000 | 1,182,500 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 2,285,300 | 1,680,000 | 629,300 | 1,680,000 | 629,300 |
| Current Receipts | 5,754,500 | 6,528,400 | 7,150,300 | 5,953,500 | 6,684,200 |
| Non-Revenue Receipts | -66,300 | -43,600 | -53,100 | -43,600 | -53,100 |
| Total Restricted Agency Funds | <u>7,973,500</u> | <u>8,164,800</u> | <u>7,726,500</u> | <u>7,589,900</u> | <u>7,260,400</u> |
| Federal Funds | | | | | |
| Balance Forward | 76,600 | | | | |
| Current Receipts | 2,630,200 | 1,519,300 | 1,519,300 | 1,519,300 | 1,519,300 |
| Revenue Redistribution | -172,900 | -172,900 | -172,900 | -172,900 | -172,900 |
| Total Federal Funds | <u>2,533,900</u> | <u>1,346,400</u> | <u>1,346,400</u> | <u>1,346,400</u> | <u>1,346,400</u> |
| TOTAL FUNDS | <u>11,713,700</u> | <u>10,843,000</u> | <u>10,349,300</u> | <u>10,108,300</u> | <u>9,789,300</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 7,324,400 | 7,933,700 | 8,138,500 | 7,267,500 | 7,626,900 |
| Operating Expenses | 1,642,400 | 1,518,400 | 1,553,300 | 1,508,200 | 1,544,400 |
| Grants, Loans or Benefits | 368,000 | 250,000 | 255,000 | 250,000 | 255,000 |
| Capital Outlay | 698,900 | 511,600 | 402,500 | 453,300 | 363,000 |
| TOTAL EXPENDITURES | <u>10,033,700</u> | <u>10,213,700</u> | <u>10,349,300</u> | <u>9,479,000</u> | <u>9,789,300</u> |

The Division of Air Quality is responsible for the identification and implementation of measures necessary to attain and maintain ambient air quality standards as mandated by the federal Clean Air Act and KRS 224.033. The Division accomplishes these goals by operating a comprehensive program involving air quality monitoring, planning, construction and operation permitting, source inspections to ensure compliance with air pollution laws and regulations, and enforcement actions as required.

The 1990 Clean Air Act Amendments imposed new permitting requirements to protect air quality with one of the primary focuses on air toxics. Federal law requires that an emission fee be levied on facilities with significant air pollutants to fund the implementation of the many new requirements. If a state does not assume authorization, the fee will be collected by the U.S. Environmental Protection Agency to fund a federal permitting program.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Natural Resources
Waste Management

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 4,909,900 | 6,247,700 | 6,669,800 | 4,251,900 | 4,915,900 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 15,688,000 | 8,631,500 | 5,692,400 | 8,631,500 | 5,692,400 |
| Current Receipts | 4,697,300 | 5,519,300 | 4,661,800 | 5,499,500 | 4,610,600 |
| Non-Revenue Receipts | -3,766,200 | 945,900 | 1,015,500 | 945,900 | 1,015,500 |
| Total Restricted Agency Funds | <u>16,619,100</u> | <u>15,096,700</u> | <u>11,369,700</u> | <u>15,076,900</u> | <u>11,318,500</u> |
| Federal Funds | | | | | |
| Balance Forward | 38,400 | | | | |
| Current Receipts | 6,319,400 | 6,223,600 | 6,362,600 | 6,223,600 | 6,362,600 |
| Revenue Redistribution | -462,700 | -403,100 | -405,100 | -403,100 | -405,100 |
| Total Federal Funds | <u>5,895,100</u> | <u>5,820,500</u> | <u>5,957,500</u> | <u>5,820,500</u> | <u>5,957,500</u> |
| TOTAL FUNDS | <u>27,424,100</u> | <u>27,164,900</u> | <u>23,997,000</u> | <u>25,149,300</u> | <u>22,191,900</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 11,039,900 | 12,166,300 | 12,096,900 | 10,832,500 | 10,800,600 |
| Operating Expenses | 1,922,900 | 2,022,300 | 2,088,100 | 2,010,200 | 2,059,600 |
| Grants, Loans or Benefits | 3,006,500 | 4,408,600 | 3,543,500 | 4,201,100 | 3,336,000 |
| Capital Outlay | 723,300 | 774,300 | 615,200 | 313,100 | 343,400 |
| Construction | 2,100,000 | 2,100,000 | 1,800,000 | 2,100,000 | 1,800,000 |
| TOTAL EXPENDITURES | <u>18,792,600</u> | <u>21,471,500</u> | <u>20,143,700</u> | <u>19,456,900</u> | <u>18,339,600</u> |

The Division of Waste Management, under the authority granted by KRS 224, is responsible for programs to regulate the generation, transportation, storage, treatment, and disposal of all hazardous wastes in the state; to ensure proper disposal of all solid waste produced in the Commonwealth; and to remove abandoned vehicles from the landscape in conjunction with local entities. Additional responsibilities include: encouraging the wise use and recycling of our resources; providing technical assistance to counties and solid waste management districts to facilitate compliance with 401 KAR, Chapter 49; investigating and restoring abandoned hazardous waste disposal sites; and educating Kentucky citizens in order to promote a better understanding of waste management issues.

Policy

Additional federal and restricted funds totalling \$94,500 in fiscal year 1997 and \$114,100 in fiscal year 1998 are provided for two positions to assist in meeting federal 1998 compliance deadlines for underground storage tanks.

Additional federal funds of \$974,200 in fiscal year 1997 and \$1,072,800 in fiscal year 1998 are provided for a variety of Superfund-related activities at the Paducah Gaseous Diffusion Plant.

Additional restricted funds of \$818,200 in fiscal year 1997 are included for additional low-interest loans from the Waste Tire Trust Fund.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Environmental Protection
Maxey Flats

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 480,300 | 429,000 | 443,600 | 419,400 | 440,600 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 700 | 700 | | 700 | |
| TOTAL FUNDS | <u>481,000</u> | <u>429,700</u> | <u>443,600</u> | <u>420,100</u> | <u>440,600</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 258,300 | 259,100 | 271,300 | 260,700 | 273,000 |
| Operating Expenses | 115,000 | 78,900 | 81,200 | 78,900 | 81,200 |
| Grants, Loans or Benefits | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Capital Outlay | 57,000 | 41,700 | 41,100 | 30,500 | 36,400 |
| TOTAL EXPENDITURES | <u>480,300</u> | <u>429,700</u> | <u>443,600</u> | <u>420,100</u> | <u>440,600</u> |

Originally opened as a disposal site for lowlevel nuclear waste, Maxey Flats was closed in 1977, and the Commonwealth assumed ownership and responsibility in 1978. Since that time, the Commonwealth has provided monitoring and maintenance activities at the site utilizing a combination of state and federal funds. Overall efforts have focused on minimizing any negative health impact on the citizens who live in the vicinity of the site while working toward final closure.

Recent state efforts have resulted in the site being added to the federal Superfund list for cleanup, and the site is currently in the remedial design phase of the remedy authorized by the U.S. Environmental Protection Agency. Actual remediation has begun but is not expected to be completed for several years. After remediation, the Commonwealth will continue to be responsible for operating and maintaining the site.

Appropriated funds are provided for monitoring and maintenance activities at the site.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Environmental Protection
Environmental Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 2,972,700 | 3,234,300 | 3,328,800 | 3,068,500 | 3,194,500 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 27,100 | | | | |
| Current Receipts | 21,400 | 21,400 | 21,400 | 21,400 | 21,400 |
| Non-Revenue Receipts | 346,500 | 270,700 | 280,200 | 270,700 | 280,200 |
| Total Restricted Agency Funds | 395,000 | 292,100 | 301,600 | 292,100 | 301,600 |
| Federal Funds | | | | | |
| Current Receipts | 79,600 | 72,400 | 72,400 | 72,400 | 72,400 |
| Revenue Redistribution | -3,700 | -3,700 | -3,700 | -3,700 | -3,700 |
| Total Federal Funds | 75,900 | 68,700 | 68,700 | 68,700 | 68,700 |
| TOTAL FUNDS | 3,443,600 | 3,595,100 | 3,699,100 | 3,429,300 | 3,564,800 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 2,037,700 | 2,216,200 | 2,367,400 | 2,187,300 | 2,297,500 |
| Operating Expenses | 1,122,800 | 1,154,000 | 1,177,900 | 1,133,000 | 1,154,900 |
| Capital Outlay | 283,100 | 224,900 | 153,800 | 109,000 | 112,400 |
| TOTAL EXPENDITURES | 3,443,600 | 3,595,100 | 3,699,100 | 3,429,300 | 3,564,800 |

The Division of Environmental Services provides the laboratory services essential for characterizing, evaluating, and documenting the nature and extent of environmental pollutants in the Commonwealth. These services, required by KRS 224.033(7), are conducted in support of the regulatory, permitting, and enforcement activities for air, water, and waste management activities and for the investigation of spills and other environmental emergencies.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Natural Resources

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 8,775,300 | 16,938,800 | 16,988,500 | 10,758,000 | 11,229,000 |
| Reorganization Adjustment | 275,300 | | | | |
| Total General Fund | <u>9,050,600</u> | <u>16,938,800</u> | <u>16,988,500</u> | <u>10,758,000</u> | <u>11,229,000</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 3,905,800 | 1,700,300 | 941,800 | 1,700,300 | 941,800 |
| Current Receipts | 1,192,200 | 1,192,200 | 1,192,200 | 1,192,200 | 1,192,200 |
| Non-Revenue Receipts | 3,037,700 | 3,405,500 | 3,467,000 | 3,398,600 | 3,461,300 |
| Total Restricted Agency Funds | <u>8,135,700</u> | <u>6,298,000</u> | <u>5,601,000</u> | <u>6,291,100</u> | <u>5,595,300</u> |
| Federal Funds | | | | | |
| Balance Forward | 31,800 | | | | |
| Current Receipts | 2,818,000 | 2,928,400 | 2,561,800 | 2,782,200 | 2,479,000 |
| Revenue Redistribution | -142,100 | -155,100 | -155,500 | -155,100 | -155,500 |
| Total Federal Funds | <u>2,707,700</u> | <u>2,773,300</u> | <u>2,406,300</u> | <u>2,627,100</u> | <u>2,323,500</u> |
| TOTAL FUNDS | <u>19,894,000</u> | <u>26,010,100</u> | <u>24,995,800</u> | <u>19,676,200</u> | <u>19,147,800</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 9,563,900 | 11,444,500 | 12,015,000 | 9,828,100 | 10,294,600 |
| Operating Expenses | 1,883,900 | 2,207,900 | 2,220,400 | 1,872,900 | 1,917,200 |
| Grants, Loans or Benefits | 6,130,400 | 8,641,800 | 8,555,700 | 6,770,700 | 6,702,200 |
| Capital Outlay | 615,500 | 2,774,100 | 2,204,700 | 262,700 | 233,800 |
| TOTAL EXPENDITURES | <u>18,193,700</u> | <u>25,068,300</u> | <u>24,995,800</u> | <u>18,734,400</u> | <u>19,147,800</u> |
| EXPENDITURES BY UNIT | | | | | |
| Commissioner | 766,300 | 796,600 | 745,200 | 703,700 | 733,900 |
| Forestry | 10,475,200 | 14,530,100 | 14,614,400 | 10,324,900 | 10,709,700 |
| Conservation | 4,554,900 | 7,143,600 | 7,211,000 | 5,282,200 | 5,385,800 |
| Energy | 2,397,300 | 2,598,000 | 2,425,200 | 2,423,600 | 2,318,400 |
| TOTAL EXPENDITURES | <u>18,193,700</u> | <u>25,068,300</u> | <u>24,995,800</u> | <u>18,734,400</u> | <u>19,147,800</u> |

The programs in the Department of Natural Resources are primarily concerned with the conservation, preservation, protection, perpetuation, and enhancement of the Commonwealth's natural land resources for the benefit of present as well as future generations of Kentucky citizens.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Natural Resources
Commissioner

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 661,300 | 796,600 | 745,200 | 703,700 | 733,900 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 132,100 | | | | |
| Non-Revenue Receipts | -27,100 | | | | |
| Total Restricted Agency Funds | <u>105,000</u> | | | | |
| TOTAL FUNDS | <u>766,300</u> | <u>796,600</u> | <u>745,200</u> | <u>703,700</u> | <u>733,900</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 518,300 | 533,900 | 558,400 | 523,000 | 549,200 |
| Operating Expenses | 205,800 | 232,700 | 156,800 | 150,700 | 154,700 |
| Capital Outlay | 42,200 | 30,000 | 30,000 | 30,000 | 30,000 |
| TOTAL EXPENDITURES | <u>766,300</u> | <u>796,600</u> | <u>745,200</u> | <u>703,700</u> | <u>733,900</u> |
| EXPENDITURES BY UNIT | | | | | |
| Commissioner | 364,500 | 302,400 | 316,700 | 289,500 | 305,400 |
| Locks and Dams | 401,800 | 494,200 | 428,500 | 414,200 | 428,500 |
| TOTAL EXPENDITURES | <u>766,300</u> | <u>796,600</u> | <u>745,200</u> | <u>703,700</u> | <u>733,900</u> |

Policy

Included in the above appropriation is \$414,200 in fiscal year 1997 and \$428,500 in fiscal year 1998 for operation and minor maintenance on locks and dams Nos. 514 on the Kentucky River.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Natural Resources
Forestry

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 7,052,900 | 11,702,700 | 11,817,500 | 7,497,500 | 7,912,800 |
| Reorganization Adjustment | 275,300 | | | | |
| Total General Fund | <u>7,328,200</u> | <u>11,702,700</u> | <u>11,817,500</u> | <u>7,497,500</u> | <u>7,912,800</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 243,000 | | | | |
| Current Receipts | 1,062,200 | 1,062,200 | 1,062,200 | 1,062,200 | 1,062,200 |
| Non-Revenue Receipts | 80,400 | 155,100 | 155,500 | 155,100 | 155,500 |
| Total Restricted Agency Funds | <u>1,385,600</u> | <u>1,217,300</u> | <u>1,217,700</u> | <u>1,217,300</u> | <u>1,217,700</u> |
| Federal Funds | | | | | |
| Balance Forward | 15,900 | | | | |
| Current Receipts | 1,842,900 | 1,715,200 | 1,684,700 | 1,715,200 | 1,684,700 |
| Revenue Redistribution | -97,400 | -105,100 | -105,500 | -105,100 | -105,500 |
| Total Federal Funds | <u>1,761,400</u> | <u>1,610,100</u> | <u>1,579,200</u> | <u>1,610,100</u> | <u>1,579,200</u> |
| TOTAL FUNDS | <u>10,475,200</u> | <u>14,530,100</u> | <u>14,614,400</u> | <u>10,324,900</u> | <u>10,709,700</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 7,739,100 | 9,547,000 | 10,028,100 | 8,067,800 | 8,448,600 |
| Operating Expenses | 1,373,700 | 1,649,000 | 1,729,100 | 1,416,900 | 1,449,800 |
| Grants, Loans or Benefits | 824,400 | 642,000 | 696,000 | 621,000 | 621,000 |
| Capital Outlay | 538,000 | 2,692,100 | 2,161,200 | 219,200 | 190,300 |
| TOTAL EXPENDITURES | <u>10,475,200</u> | <u>14,530,100</u> | <u>14,614,400</u> | <u>10,324,900</u> | <u>10,709,700</u> |

The Division of Forestry is responsible for providing technical assistance on sound forest management practices to private woodland owners, enhancing the state's woodlands by acquiring new forest land and reforesting idle or unproductive land, and protecting the Commonwealth's 11.9 million acres of forest resources from forest fires and insect and disease pests.

A total of \$240,000 is included each year for emergency fire suppression costs. Language contained in the Appropriations Act declares expenditures in excess of this amount to be a necessary governmental expense by written order of the Secretary of the Finance and Administration Cabinet upon certification by the State Budget Director as to the advisability of such expenditures.

Policy

Additional federal and restricted funds of \$109,800 in fiscal year 1997 and \$79,300 in fiscal year 1998 are provided to two additional urban and community forester positions.

Additional restricted funds of \$50,000 each year are included for land management activities on lands purchased by the Division from funds provided by the Heritage Lands Conservation Fund.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Natural Resources
Conservation

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 927,800 | 4,306,200 | 4,292,500 | 2,444,800 | 2,467,300 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 1,042,000 | | | | |
| Current Receipts | 130,000 | 130,000 | 130,000 | 130,000 | 130,000 |
| Non-Revenue Receipts | 2,428,100 | 2,680,400 | 2,761,500 | 2,680,400 | 2,761,500 |
| Total Restricted Agency Funds | <u>3,600,100</u> | <u>2,810,400</u> | <u>2,891,500</u> | <u>2,810,400</u> | <u>2,891,500</u> |
| Federal Funds | | | | | |
| Current Receipts | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 |
| TOTAL FUNDS | <u>4,554,900</u> | <u>7,143,600</u> | <u>7,211,000</u> | <u>5,282,200</u> | <u>5,385,800</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 828,900 | 870,700 | 912,700 | 806,800 | 846,800 |
| Operating Expenses | 143,100 | 157,200 | 161,300 | 148,200 | 152,000 |
| Grants, Loans or Benefits | 3,567,700 | 6,069,700 | 6,129,500 | 4,319,700 | 4,379,500 |
| Capital Outlay | 15,200 | 46,000 | 7,500 | 7,500 | 7,500 |
| TOTAL EXPENDITURES | <u>4,554,900</u> | <u>7,143,600</u> | <u>7,211,000</u> | <u>5,282,200</u> | <u>5,385,800</u> |

The Division of Conservation is responsible for assisting Kentucky's 121 conservation districts in developing and implementing sound conservation programs to protect, enhance, and develop the Commonwealth's natural resources so these resources serve the greatest number of people for the longest period of time. The Division is also responsible for developing educational activities; assisting the local conservation districts through financial assistance and providing loans for equipment for conservation and water quality-related work on Kentucky lands; and providing administrative services to the State Soil and Water Conservation Commission.

Policy

Additional General Fund appropriations of \$600,000 are provided each year to the Conservation Districts Cost Share Program to increase grant funds available to landowners to mitigate nonpoint source pollution from agriculture and silviculture activities.

Additional General Fund monies of \$900,000 are provided each year to increase direct financial assistance to the state's 121 conservation districts for operating costs and technical assistance.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Natural Resources
Energy

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 133,300 | 133,300 | 133,300 | 112,000 | 115,000 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 2,488,700 | 1,700,300 | 941,800 | 1,700,300 | 941,800 |
| Non-Revenue Receipts | 556,300 | 570,000 | 550,000 | 563,100 | 544,300 |
| Total Restricted Agency Funds | <u>3,045,000</u> | <u>2,270,300</u> | <u>1,491,800</u> | <u>2,263,400</u> | <u>1,486,100</u> |
| Federal Funds | | | | | |
| Balance Forward | 15,900 | | | | |
| Current Receipts | 948,100 | 1,186,200 | 850,100 | 1,040,000 | 767,300 |
| Revenue Redistribution | -44,700 | -50,000 | -50,000 | -50,000 | -50,000 |
| Total Federal Funds | <u>919,300</u> | <u>1,136,200</u> | <u>800,100</u> | <u>990,000</u> | <u>717,300</u> |
| TOTAL FUNDS | <u>4,097,600</u> | <u>3,539,800</u> | <u>2,425,200</u> | <u>3,365,400</u> | <u>2,318,400</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 477,600 | 492,900 | 515,800 | 430,500 | 450,000 |
| Operating Expenses | 161,300 | 169,000 | 173,200 | 157,100 | 160,700 |
| Grants, Loans or Benefits | 1,738,300 | 1,930,100 | 1,730,200 | 1,830,000 | 1,701,700 |
| Capital Outlay | 20,100 | 6,000 | 6,000 | 6,000 | 6,000 |
| TOTAL EXPENDITURES | <u>2,397,300</u> | <u>2,598,000</u> | <u>2,425,200</u> | <u>2,423,600</u> | <u>2,318,400</u> |

The Division of Energy has responsibility for stimulating more efficient utilization of energy in all sectors of the Kentucky economy in order to reduce energy costs and enhance national energy security.

Major functions of the Division involve awarding grants to schools and hospitals and to the industrial sector; providing technical assistance to all Kentuckians in energy efficiency and alternative energy sources such as solar, wood, geothermal, and wind; conducting emergency planning to handle energy shortages; and compiling energy data for Kentucky.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Surface Mining Reclamation and Enforcement

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 10,028,900 | 9,759,400 | 10,207,300 | 9,404,500 | 9,811,500 |
| Reorganization Adjustment | -275,300 | | | | |
| Total General Fund | <u>9,753,600</u> | <u>9,759,400</u> | <u>10,207,300</u> | <u>9,404,500</u> | <u>9,811,500</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 26,202,000 | 24,006,800 | 22,197,100 | 24,006,800 | 22,199,100 |
| Current Receipts | 3,795,700 | 3,919,000 | 3,918,700 | 3,919,000 | 3,918,700 |
| Non-Revenue Receipts | 976,700 | 1,080,100 | 1,092,500 | 1,079,000 | 1,090,300 |
| Total Restricted Agency Funds | <u>30,974,400</u> | <u>29,005,900</u> | <u>27,208,300</u> | <u>29,004,800</u> | <u>27,208,100</u> |
| Federal Funds | | | | | |
| Balance Forward | 426,700 | | | | |
| Current Receipts | 15,158,800 | 16,124,000 | 16,559,500 | 15,768,700 | 16,163,500 |
| Revenue Redistribution | -1,031,600 | -1,045,000 | -1,072,400 | -1,043,900 | -1,070,100 |
| Total Federal Funds | <u>14,553,900</u> | <u>15,079,000</u> | <u>15,487,100</u> | <u>14,724,800</u> | <u>15,093,400</u> |
| TOTAL FUNDS | <u>55,281,900</u> | <u>53,844,300</u> | <u>52,902,700</u> | <u>53,134,100</u> | <u>52,113,000</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 24,887,800 | 25,070,900 | 26,204,500 | 24,876,900 | 25,671,400 |
| Operating Expenses | 3,312,900 | 3,355,100 | 3,431,600 | 3,299,300 | 3,353,900 |
| Grants, Loans or Benefits | 1,811,700 | 1,580,100 | 1,590,500 | 1,580,100 | 1,590,500 |
| Capital Outlay | 1,262,700 | 1,641,100 | 1,199,700 | 1,178,700 | 1,016,500 |
| TOTAL EXPENDITURES | <u>31,275,100</u> | <u>31,647,200</u> | <u>32,426,300</u> | <u>30,935,000</u> | <u>31,632,300</u> |
| EXPENDITURES BY UNIT | | | | | |
| Commissioner | 1,104,500 | 1,107,900 | 1,123,400 | 1,105,800 | 1,119,100 |
| Permits | 7,889,300 | 8,150,000 | 8,600,500 | 7,672,200 | 7,902,000 |
| Field Services | 12,790,900 | 13,077,400 | 13,480,500 | 12,847,100 | 13,391,600 |
| Abandoned Lands | 9,490,400 | 9,311,900 | 9,221,900 | 9,309,900 | 9,219,600 |
| TOTAL EXPENDITURES | <u>31,275,100</u> | <u>31,647,200</u> | <u>32,426,300</u> | <u>30,935,000</u> | <u>31,632,300</u> |

The Department for Surface Mining Reclamation and Enforcement was created in 1977 to implement the provisions of the federal Surface Mining Control and Reclamation Act of 1977 pursuant to Public Law 95-87. The Department's mission is to protect the public and minimize the environmental aspects caused by surface mining and the surface effects of underground mining.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Surface Mining Reclamation and Enforcement
Commissioner

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 519,900 | 488,800 | 507,300 | 487,800 | 505,200 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 8,731,600 | 9,684,000 | 10,672,200 | 9,684,000 | 10,672,200 |
| Current Receipts | 1,279,000 | 1,402,000 | 1,402,000 | 1,402,000 | 1,402,000 |
| Non-Revenue Receipts | 250,200 | 190,900 | 462,500 | 189,800 | 460,300 |
| Total Restricted Agency Funds | <u>10,260,800</u> | <u>11,276,900</u> | <u>12,536,700</u> | <u>11,275,800</u> | <u>12,534,500</u> |
| Federal Funds | | | | | |
| Balance Forward | 700 | | | | |
| Current Receipts | 507,300 | 505,300 | 523,900 | 504,300 | 521,700 |
| Revenue Redistribution | -500,200 | -490,900 | -512,500 | -489,900 | -510,300 |
| Total Federal Funds | <u>7,800</u> | <u>14,400</u> | <u>11,400</u> | <u>14,400</u> | <u>11,400</u> |
| TOTAL FUNDS | <u>10,788,500</u> | <u>11,780,100</u> | <u>13,055,400</u> | <u>11,778,000</u> | <u>13,051,100</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 892,900 | 881,300 | 895,400 | 891,700 | 906,300 |
| Operating Expenses | 196,100 | 198,000 | 205,400 | 185,500 | 190,200 |
| Grants, Loans or Benefits | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 |
| Capital Outlay | 3,000 | 16,100 | 10,100 | 16,100 | 10,100 |
| TOTAL EXPENDITURES | <u>1,104,500</u> | <u>1,107,900</u> | <u>1,123,400</u> | <u>1,105,800</u> | <u>1,119,100</u> |

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Surfacing Mining Reclamation and Enforcement
Permits

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 3,378,900 | 3,146,800 | 3,367,900 | 2,908,000 | 3,018,600 |
| Reorganization Adjustment | -76,800 | | | | |
| Total General Fund | <u>3,302,100</u> | <u>3,146,800</u> | <u>3,367,900</u> | <u>2,908,000</u> | <u>3,018,600</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 793,100 | 763,500 | 381,700 | 763,500 | 381,700 |
| Current Receipts | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 |
| Non-Revenue Receipts | 194,400 | 244,400 | 244,400 | 244,400 | 244,400 |
| Total Restricted Agency Funds | <u>996,500</u> | <u>1,016,900</u> | <u>635,100</u> | <u>1,016,900</u> | <u>635,100</u> |
| Federal Funds | | | | | |
| Balance Forward | 94,000 | | | | |
| Current Receipts | 4,500,800 | 4,608,600 | 4,838,100 | 4,369,600 | 4,488,900 |
| Revenue Redistribution | -240,600 | -240,600 | -240,600 | -240,600 | -240,600 |
| Total Federal Funds | <u>4,354,200</u> | <u>4,368,000</u> | <u>4,597,500</u> | <u>4,129,000</u> | <u>4,248,300</u> |
| TOTAL FUNDS | <u>8,652,800</u> | <u>8,531,700</u> | <u>8,600,500</u> | <u>8,053,900</u> | <u>7,902,000</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 5,663,000 | 5,851,900 | 6,426,800 | 5,648,900 | 5,884,200 |
| Operating Expenses | 914,500 | 940,600 | 983,500 | 931,400 | 950,900 |
| Grants, Loans or Benefits | 1,259,600 | 1,028,000 | 1,038,400 | 1,028,000 | 1,038,400 |
| Capital Outlay | 52,200 | 329,500 | 151,800 | 63,900 | 28,500 |
| TOTAL EXPENDITURES | <u>7,889,300</u> | <u>8,150,000</u> | <u>8,600,500</u> | <u>7,672,200</u> | <u>7,902,000</u> |

The Division of Permits is responsible for efficiently reviewing all applications for permits to surface mine in the Commonwealth for compliance with Kentucky statutes and the federal Surface Mining Control and Reclamation Act. The program also administers the federal Small Operator's Assistance and Lands Unsuitable for Mining programs and processes applications for underground mining to determine the surface effects of such operations.

One-third of the permit and acreage fees generated by this program will be returned to the county of origin as provided under KRS 350.139; a total of \$675,000 in General Fund monies is included each year for this purpose.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Surface Mining Reclamation and Enforcement
Field Services

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 6,130,100 | 6,123,800 | 6,332,100 | 6,008,700 | 6,287,700 |
| Reorganization Adjustment | -198,500 | | | | |
| Total General Fund | <u>5,931,600</u> | <u>6,123,800</u> | <u>6,332,100</u> | <u>6,008,700</u> | <u>6,287,700</u> |
| Restricted Agency Funds | | | | | |
| Balance Forward | 2,150,100 | 1,532,600 | 790,900 | 1,532,600 | 790,900 |
| Current Receipts | 4,000 | 4,300 | 4,000 | 4,300 | 4,000 |
| Non-Revenue Receipts | 11,300 | -195,200 | -227,700 | -195,200 | -227,700 |
| Total Restricted Agency Funds | <u>2,165,400</u> | <u>1,341,700</u> | <u>567,200</u> | <u>1,341,700</u> | <u>567,200</u> |
| Federal Funds | | | | | |
| Balance Forward | 124,100 | | | | |
| Current Receipts | 6,136,100 | 6,459,200 | 6,659,800 | 6,343,900 | 6,615,200 |
| Revenue Redistribution | -33,700 | -56,400 | -62,200 | -56,300 | -62,100 |
| Total Federal Funds | <u>6,226,500</u> | <u>6,402,800</u> | <u>6,597,600</u> | <u>6,287,600</u> | <u>6,553,100</u> |
| TOTAL FUNDS | <u>14,323,500</u> | <u>13,868,300</u> | <u>13,496,900</u> | <u>13,638,000</u> | <u>13,408,000</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 9,867,500 | 10,213,600 | 10,708,100 | 10,212,200 | 10,706,700 |
| Operating Expenses | 1,740,700 | 1,723,800 | 1,761,400 | 1,691,700 | 1,733,800 |
| Grants, Loans or Benefits | 239,600 | 239,600 | 239,600 | 239,600 | 239,600 |
| Capital Outlay | 943,100 | 900,400 | 771,400 | 703,600 | 711,500 |
| TOTAL EXPENDITURES | <u>12,790,900</u> | <u>13,077,400</u> | <u>13,480,500</u> | <u>12,847,100</u> | <u>13,391,600</u> |

The Division of Field Services is responsible for developing policies and procedures for reclamation and enforcement programs in coal and non-coal minerals, and conducting an effective inspection program to carry out these policies and procedures in accordance with applicable federal and state statutes.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Surface Mining Reclamation and Enforcement
Abandoned Lands

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 14,527,200 | 12,026,700 | 10,352,300 | 12,026,700 | 10,354,300 |
| Current Receipts | 2,503,700 | 2,503,700 | 2,503,700 | 2,503,700 | 2,503,700 |
| Non-Revenue Receipts | 520,800 | 840,000 | 613,300 | 840,000 | 613,300 |
| Total Restricted Agency Funds | 17,551,700 | 15,370,400 | 13,469,300 | 15,370,400 | 13,471,300 |
| Federal Funds | | | | | |
| Balance Forward | 207,900 | | | | |
| Current Receipts | 4,014,600 | 4,550,900 | 4,537,700 | 4,550,900 | 4,537,700 |
| Revenue Redistribution | -257,100 | -257,100 | -257,100 | -257,100 | -257,100 |
| Total Federal Funds | 3,965,400 | 4,293,800 | 4,280,600 | 4,293,800 | 4,280,600 |
| TOTAL FUNDS | 21,517,100 | 19,664,200 | 17,749,900 | 19,664,200 | 17,751,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 8,464,400 | 8,124,100 | 8,174,200 | 8,124,100 | 8,174,200 |
| Operating Expenses | 461,600 | 492,700 | 481,300 | 490,700 | 479,000 |
| Grants, Loans or Benefits | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Capital Outlay | 264,400 | 395,100 | 266,400 | 395,100 | 266,400 |
| TOTAL EXPENDITURES | 9,490,400 | 9,311,900 | 9,221,900 | 9,309,900 | 9,219,600 |

The Division of Abandoned Lands is responsible for reclaiming lands previously surface mined or used in connection with surface mining which have been abandoned or left unreclaimed under Title IV of Public Law 95-87 or KRS 350.

Federal funds for this program are derived from federal tax levies imposed under Public Law 95-87 on all coal mined since August 3, 1977. Approximately 150,000 acres of abandoned mine lands in Kentucky are eligible for eventual reclamation under Public Law 95-87. If Kentucky does not maintain an approved Abandoned Mine Land Reclamation program, monies allocated for reclamation projects in the state may be reallocated to other coal-producing states.

All funds collected from the forfeiture of surface mining bonds are utilized in the reclamation of lands on which the bonds were forfeited. The collection and expenditure of these restricted funds from the Guaranty Bond Forfeiture account is included each year of the biennium.

Policy

Additional federal funds of \$172,000 in fiscal year 1997 and \$27,200 in fiscal year 1998 are provided for the purchase and installation of equipment which will provide the Division with Geographic Information System capabilities.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Surface Mining Reclamation and Enforcement
Abandoned Mine Lands Reclamation Projects

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Federal Funds | | | | | |
| Balance Forward | 257,600 | | | | |
| Current Receipts | 22,198,200 | 22,455,800 | 22,455,800 | 22,455,800 | 22,455,800 |
| TOTAL FUNDS | 22,455,800 | 22,455,800 | 22,455,800 | 22,455,800 | 22,455,800 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 3,200,000 | 3,200,000 | 3,200,000 | 3,200,000 | 3,200,000 |
| Grants, Loans or Benefits | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| Construction | 16,755,800 | 16,755,800 | 16,755,800 | 16,755,800 | 16,755,800 |
| TOTAL EXPENDITURES | 22,455,800 | 22,455,800 | 22,455,800 | 22,455,800 | 22,455,800 |

The Abandoned Mine Lands (AML) Reclamation Projects program in the Department for Surface Mining Reclamation and Enforcement receives funding for the reclamation of mine sites that have been abandoned or left unreclaimed under Title IV of Public Law 95-87 or KRS 350. If the Commonwealth does not maintain an approved AML Reclamation program, monies allocated for reclamation projects within the state may be reallocated to other coal-producing states. The Natural Resources and Environmental Protection Cabinet continues to reclaim abandoned mine sites through a priority ranking system which reclaims first those sites which are considered the most threat to human life and safety. Providing clean, safe, potable water to the citizens of the coalfields whose drinking water supplies have been contaminated by past mining continues to be a high priority.

Administered by the Division of Abandoned Lands, all funds appropriated in this program are expended for design and construction activities associated with the reclamation of abandoned mine sites.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Kentucky River Authority

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 1,011,500 | 305,800 | 109,900 | 305,800 | 4,300 |
| Current Receipts | 1,055,300 | 1,584,700 | 1,584,700 | 1,001,400 | 1,001,400 |
| Non-Revenue Receipts | -643,800 | | | | |
| TOTAL FUNDS | 1,423,000 | 1,890,500 | 1,694,600 | 1,307,200 | 1,005,700 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 719,600 | 795,500 | 808,000 | 741,200 | 614,500 |
| Operating Expenses | 61,300 | 57,900 | 59,400 | 57,900 | 59,400 |
| Grants, Loans or Benefits | 328,800 | 250,000 | 150,000 | 230,800 | 50,000 |
| Debt Service | | 677,200 | 677,200 | 273,000 | 273,000 |
| Capital Outlay | 7,500 | | | | |
| TOTAL EXPENDITURES | 1,117,200 | 1,780,600 | 1,694,600 | 1,302,900 | 996,900 |

Created by the 1988 General Assembly, the Kentucky River Authority is an 14member body appointed by the Governor to provide for the proper maintenance of the Kentucky River locks and dams once ownership of these properties is transferred from the U.S. government to the Commonwealth. The Authority is authorized and empowered under KRS 151 to carry out its mission through a variety of activities, including the issuance of revenue bonds payable from fees collected from all facilities, except those primarily agricultural in nature, using water from the Kentucky River or its tributaries.

Policy

Restricted funding is provided from Kentucky River water withdrawal fees (Tier II) for the debt service on a \$2 million bond issue authorized by the 1992 General Assembly to construct flashboards and valve systems on Kentucky River dams Nos. 11-14 to enhance water supply by releasing water from the upper pools for use downstream.

In addition, notwithstanding KRS 151.710 (10), restricted funds from Kentucky River water withdrawal fees (Tier I) are provided to fund four staff, contract services for water supply and water quality studies, and operating costs for the Authority.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Environmental Quality Commission

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 208,700 | 210,500 | 234,600 | 210,900 | 234,900 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 8,300 | | | | |
| Current Receipts | 1,700 | | | | |
| Total Restricted Agency Funds | 10,000 | | | | |
| TOTAL FUNDS | 218,700 | 210,500 | 234,600 | 210,900 | 234,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 157,700 | 165,700 | 174,000 | 166,100 | 174,300 |
| Operating Expenses | 61,000 | 44,800 | 56,100 | 44,800 | 56,100 |
| Capital Outlay | | | 4,500 | | 4,500 |
| TOTAL EXPENDITURES | 218,700 | 210,500 | 234,600 | 210,900 | 234,900 |

The Environmental Quality Commission, codified in KRS 224.041224.055, is an independent, seven-member, citizen body representing various viewpoints and areas of the state. The Environmental Quality Commission serves in an advisory capacity to the Governor and the Natural Resources and Environmental Protection Cabinet on environmental rules, regulations, policies, plans, and procedures. The Commission also serves as a working public forum for the exchange of views, concerns, information, and recommendations relating to the quality of the natural environment.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Nature Preserves Commission

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 677,200 | 1,193,800 | 1,081,600 | 701,300 | 631,700 |
| Restricted Agency Funds | | | | | |
| Balance Forward | 775,200 | 651,300 | 373,600 | 651,300 | 373,600 |
| Current Receipts | 134,200 | 107,700 | 96,300 | 56,800 | 95,200 |
| Non-Revenue Receipts | 253,500 | 277,100 | 288,000 | 227,100 | 238,000 |
| Total Restricted Agency Funds | <u>1,162,900</u> | <u>1,036,100</u> | <u>757,900</u> | <u>935,200</u> | <u>706,800</u> |
| Federal Funds | | | | | |
| Current Receipts | 88,000 | 33,000 | 33,000 | 33,000 | 33,000 |
| Revenue Redistribution | -8,000 | -3,000 | -3,000 | -3,000 | -3,000 |
| Total Federal Funds | <u>80,000</u> | <u>30,000</u> | <u>30,000</u> | <u>30,000</u> | <u>30,000</u> |
| TOTAL FUNDS | <u>1,920,100</u> | <u>2,259,900</u> | <u>1,869,500</u> | <u>1,666,500</u> | <u>1,368,500</u> |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 849,100 | 1,110,600 | 1,241,100 | 874,100 | 916,000 |
| Operating Expenses | 279,800 | 407,800 | 430,900 | 249,400 | 255,000 |
| Grants, Loans or Benefits | 21,000 | 39,500 | 2,500 | 29,500 | 2,500 |
| Capital Outlay | 88,900 | 313,400 | 34,800 | 124,900 | 34,800 |
| Construction | 30,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| TOTAL EXPENDITURES | <u>1,268,800</u> | <u>1,886,300</u> | <u>1,724,300</u> | <u>1,292,900</u> | <u>1,223,300</u> |

The 1976 General Assembly established the Kentucky Nature Preserves Commission with the passage of KRS 146.410-146.530. The mandated goals of the Commission are twofold: to inventory Kentucky for its natural diversity, including its plants, animal life, biological communities, and areas of natural significance; and to protect these natural features by establishing a system of nature preserves.

KRS 141.450-141.480 provides funds for the acquisition and management of nature preserves through a tax refund checkoff system. The Commission, together with the Kentucky Department of Fish and Wildlife Resources, shares equally the receipts generated by the Non-game Species Protection and Habitat Acquisition program, an income tax refund donation program enacted by the 1980 General Assembly.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
Petroleum Storage Tank Environmental Assurance Fund Commission

| | Revised FY 1996 | Requested FY 1997 | Requested FY 1998 | Enacted FY 1997 | Enacted FY 1998 |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Agency Funds | | | | | |
| Balance Forward | 53,647,700 | 73,382,900 | 86,429,900 | 73,382,900 | 84,534,800 |
| Current Receipts | 3,590,200 | 4,076,900 | 4,101,000 | 4,076,900 | 4,101,000 |
| Non-Revenue Receipts | 38,957,400 | 38,957,400 | 38,957,400 | 38,957,400 | 38,957,400 |
| TOTAL FUNDS | 96,195,300 | 116,417,200 | 129,488,300 | 116,417,200 | 127,593,200 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 959,800 | 855,600 | 896,100 | 850,700 | 891,200 |
| Operating Expenses | 21,228,100 | 28,631,700 | 37,704,100 | 30,531,700 | 39,604,100 |
| Grants, Loans or Benefits | 16,300 | | | | |
| Capital Outlay | 108,200 | | 17,000 | | 17,000 |
| Construction | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| TOTAL EXPENDITURES | 22,812,400 | 29,987,300 | 39,117,200 | 31,882,400 | 41,012,300 |

The Petroleum Storage Tank Environmental Assurance Fund Commission was established in 1990 with the enactment of KRS 224.60-100 to 224.60-160. The Commission, utilizing funds provided by the Petroleum Storage Tank Environmental Assurance Fund, assists petroleum storage tank owners or operators in complying with the federal financial responsibility requirements promulgated under federal regulations and assists petroleum storage tank owners or operators in cleaning up contamination caused by the release of petroleum products into the environment.

Policy

Additional restricted funds of \$6,775,800 in fiscal year 1997 and \$15,172,500 in fiscal year 1998 are provided for additional claims payments above the fiscal year 1996 level.

Included in the appropriation each year of the biennium is the transfer of \$1,900,000 to the General Fund Surplus, notwithstanding KRS 224.60-100 to 224.60-160.

NOTE: This agency was reorganized effective April 18, 1996, per Executive Order 96-485 and its duties transferred to the Public Protection and Regulation Cabinet, Office of Underground Storage Facilities.